



# Investing in our **Property Portfolio**

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# Asset Management Plan 2011-2014

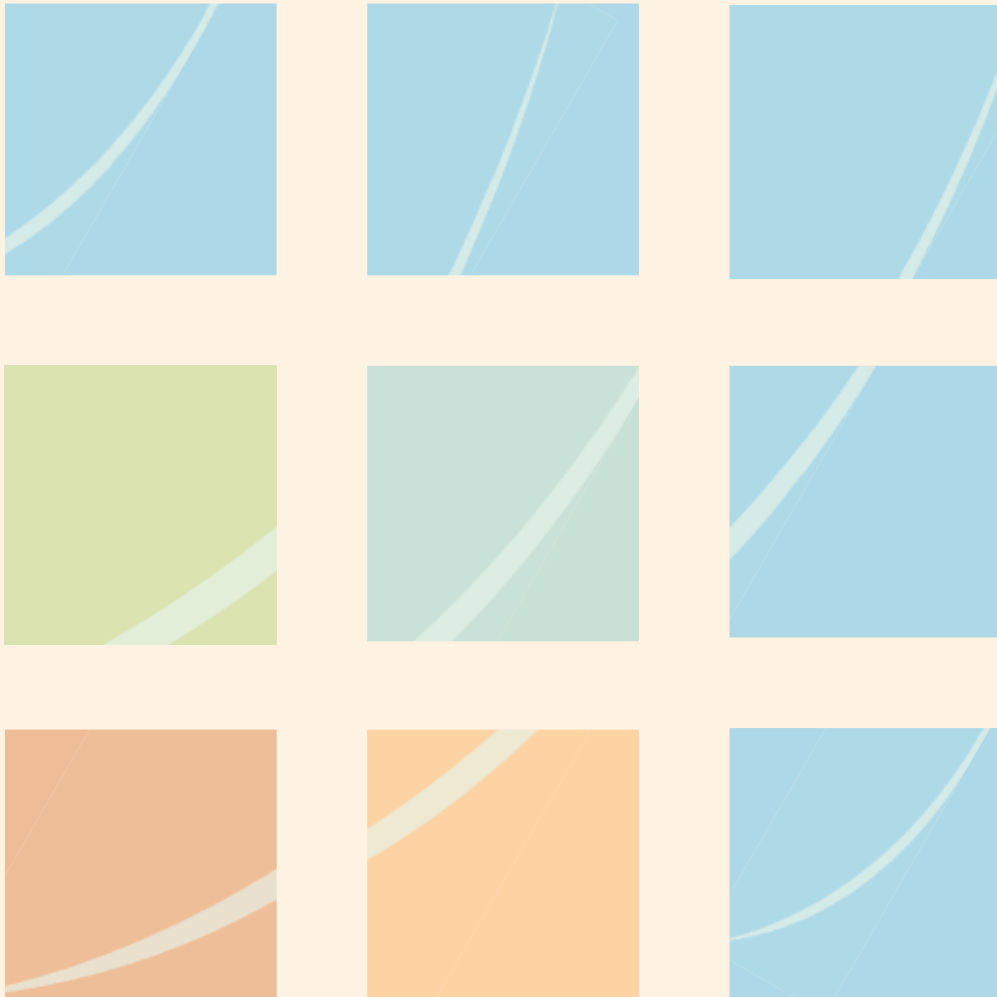


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## Oxford City Council Consultation Document

# **Asset Management Plan** **2011–2014**

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## Foreword

Oxford City Council has had significant success in implementing the strategy outlined in the existing Asset Management Plan adopted in 2010. Notable achievements include:

- the reduction in city centre office occupancy by 43%
- the establishment of a fully funded Joint Venture vehicle to deliver housing at Barton
- the completion of the Old Fire Station development.

In addition, we have preserved and enhanced income from investment property and have maintained strong capital receipts momentum in difficult property and financial market conditions.

The Council understands the positive role that active asset management has on the built environment and the Council's ability to deliver first-class front-line services, and therefore we would like to build on the success of the existing plan.

Our new Asset Management Plan is for the period 2011-2014 and outlines the detail of a strategy which underpins the Council's corporate objectives and our aims to

- deliver better and more efficient use of our property and improvements in its condition
- bring forward major regeneration and housing schemes
- deliver improvements to our capital values, income stream and levels of return

Key measures of success will include commencement of delivery of the Barton housing scheme, promotion of the Westgate retail redevelopment and delivery of 112 affordable homes.

**Steve Sprason**  
**Head of Corporate Property**





## Introduction

This is the Oxford City Council's Asset Management Plan which supersedes the previous version, which was adopted by the Council in January 2010.

The plan covers all the Council's interests in land and buildings, and unlike previous versions, it includes the Housing Revenue Account properties (council social housing and related land and buildings) as well as General Fund properties (all other council land and buildings). The main purpose of this plan is to set out the Council's objectives, priorities, programme and performance for its land and buildings. It also:

- provides a clear statement of direction for other external stakeholders
- identifies to the public the way the Council will deal with its land and buildings in the short and medium term.

The Asset Management Plan is one of the Council's principal policy and performance documents which support the delivery of the Corporate Plan

The Asset Management Plan is arranged as follows:

**Section 1 Review of previous Asset Management Plan 2009**

**Section 2 Portfolio Objectives and Overview:** defines the Council's strategic objectives for property-asset ownership and management

**Section 3 Performance Objectives:** defines quantitative and qualitative measures, and targets to specify when these objectives are met.

**Section 4 Asset Strategy:** defines the strategy, policy and future actions on individual asset classes.

**Section 5 Organisational and Governance Structure:** this explains how we are going to deliver the strategy.

**Section 6 Capital Programme:** provides financial information on the allocation of capital across the Council within the four-year time horizon of the Asset Management Plan.

**Section 7 Planned Maintenance Programme:** provides detail on the rationale and proposals for investment in the assets to improve their performance.



**The relationship of the Asset Management Plan to the other strategies and the Corporate Plan that informs it**

**Appendices**

**Appendix 1 Performance Measurement General Fund and Housing Revenue Account:** this will be updated annually and will report performance of the property portfolio and management thereof.

**Appendix 2 Action Plan 2011 to 2015:** This will also be updated annually and will take account of changes to strategic priorities, or measures required to improve the performance of the portfolio, within the AMP period between 2011 and 2014.

**Appendix 3 Asset Management Protocols:** this will effectively be a series of procedure notes or policies as to how the portfolio will be managed. Any amendments to operating procedures will be made in this document as they occur within the AMP period.

**Appendix 4 Risk Register:** this will highlight risk and specify mitigation and risk control. This will also be updated annually in line with all appendices.



# Section 1

## 1 Review of 2009 Asset Management Plan

### 1.1 What we said we would do

The previous 2009 Asset Management Plan (AMP) set out a number of key actions and milestones projecting forward from 2009/14. Our progress against these goals may be viewed below:

#### By the end of 2009/10

##### Target milestones set, 2009 AMP

##### Progress against target at Dec 2011

To have reduced our occupied office accommodation floor space by 10% from 2008/09 levels.

Vacation and demolition of Northway offices produced 12% savings in office accommodation by Dec 2009.

To have maintained income from investment properties at 2008/9 levels.

The income from investment properties in 2008/09 was £6.18m. Stripping out the effects of IFRS accounting (and changes associated with accounting for finance leases) the forecast income for the financial year 2011/12 is £6.3m.

To have completed the Property and Facilities Management Service reorganisation and recruited vacant posts.

Completed June 2009.

To have a proper system of corporate asset management in place and be managing property corporately.

Corporate Asset Management and Capital Board with agreed terms of reference set up February 2010. The committee continues to meet monthly to oversee asset management, operational property, capital planning and allocation.

To have implemented a new system of financial accounting for property.

Completed in part. Migration from Atrium system for repairs onto Uniform common platform enabling reconciliation between income and costs.

To have a clear property strategy for Blackbird Leys, cemeteries, council offices investment.

Blackbird Leys strategy – ongoing.

Cemeteries – Update report presented to City Executive Board December 2011, further tests underway at the preferred site.

Offices – Offices For The Future strategy agreed July 2010. Completion set for February 2012.





## Investing in our Property Portfolio

### By the end of 2010/11

#### Target milestones set, 2009 AMP

#### Progress against target at Dec 2011

Property, off-street car parks.

Ongoing

To have achieved a General Fund capital receipts target of £2m.

General Fund capital receipts:

- £2.51m 2009/10
- £1.54m 2010/11

Total: £4.05m over the two year period.

To have decided on all the property aspects of Customer Services shops.

New Customer Service Outlet completed Sept 2011.

Review of Templar Square Customer Services Centre underway November 2011.

To have a clear property strategy for Northway.

Conditional terms agreed on the redevelopment for housing and re-provision of a new purpose-built community centre.

To have a clear strategy for new affordable housing on housing estates.

Housing Revenue Account 30-year Business Plan to be presented to City Executive Board February 2012. Affordable Homes Programme to deliver up to 112 new homes forming part of the Business Plan.

### By the end of 2013/14

#### Target milestones set, 2009 AMP

#### Progress against target at Dec 2011

To have decreased the maintenance backlog year on year from 2008/2009 levels

£7m Planned Preventative Maintenance programme agreed between 2011–2015:

- Northway demolition removed £70,000 from back log;
- Offices For The Future programme removed £1m from Maintenance back log;
- Leisure substantive works have removed £2m from backlog

To have increased our income from investment properties by 2.5% in real terms compared to 2008/9 levels.

It is projected that at 2011/12 year end the income from investment properties will have increased by 1.8% in absolute terms. This is in the context of difficult trading conditions in the retail/leisure sector towards which the portfolio is heavily weighted.

To have reduced our occupied office accommodation floor space by 20% from 2008/09 levels.

On target for 43% reduction in city centre operational office accommodation by Feb 2012 due to the Office For The Future programme.

To have supported the advancement of the Oxpens redevelopment area with a view to commencing development in, say, 2015/16; to have concluded whether the Council's offices will, in due course, relocate there; and, to have determined whether this will be on the basis of shared space with our Partners.

The Offices For The Future strategy was to reduce city centre office buildings from four to two, retaining St Aldate's Chambers as the main office building in addition to the Town Hall.

The progress of Oxpens development has not advanced due to the economic climate, however we continue to engage with key stakeholders and will consider utilising our land holdings in this area for the purpose of regeneration at the appropriate time.



# Section 1

## By the end of 2013/14 (continued)

### Target milestones set, 2009 AMP

To have appropriate community centres fit for purpose and in good condition.

To have leisure centres fit for purpose and in good condition, both by improvement and rationalisation.

To have brought forward land at Barton (adjacent to the ring road) for housing development and if possible to implementation.

To have explored the possibilities for additional housing provision at South Oxford Urban Extension and taken them as far as possible, and if feasible, to the implementation stage (some of this is outside the Council's direct control).

To have decreased the carbon footprint for the Council's operational buildings from 2008/9 levels.

### Progress against target at Dec 2011

Significant progress has been made in the redevelopment of Northway and Cowley community centres. An overarching strategy for remaining community centres is emerging and will be documented in the refreshed Asset Management Plan.

Partnership with Fusion is progressing well. The substantive repair programme has now had a visible impact on the quality of the leisure-centre offering. A second phase of improvements will be undertaken in 2012.

Joint Venture partner selected and Limited Liability Partnership incorporated as a delivery vehicle for development of the site over a five year period.

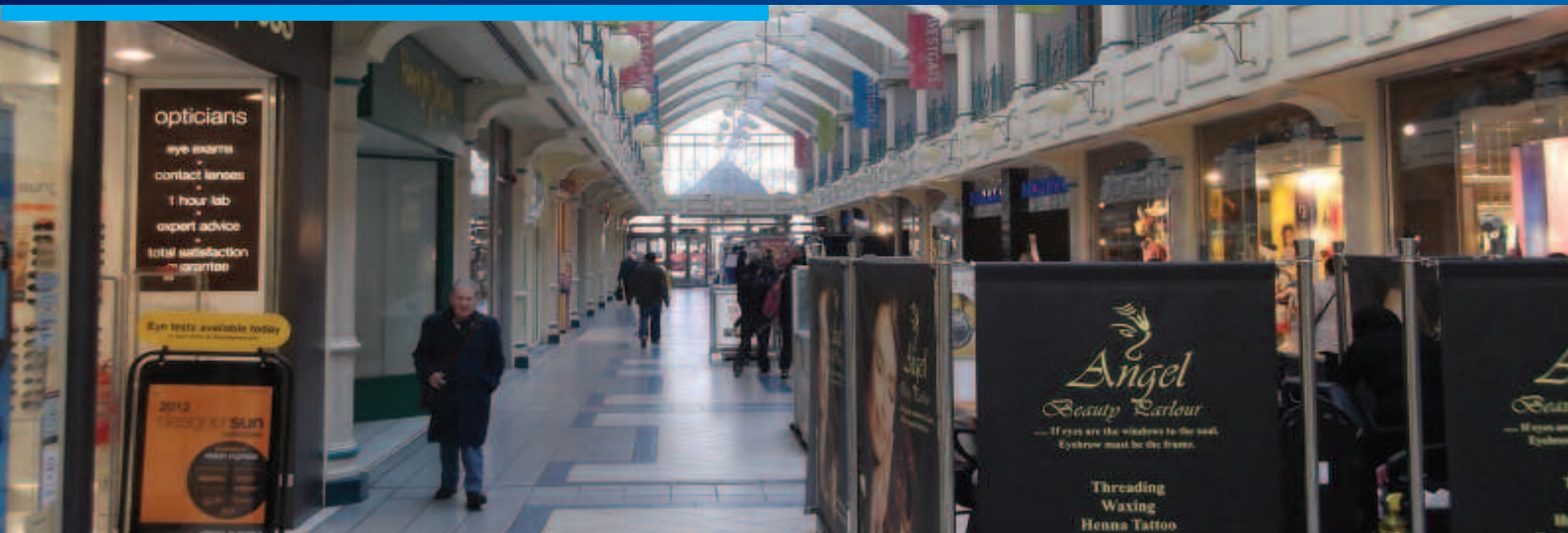
On hold due to changes in planning legislation.

On target for 28% reduction in carbon footprint by March 2012. This is as a result of technological investment, smart-metering and exit of operational buildings.

## 1.2 Further achievements

Further achievements across General Fund and Housing Revenue Account portfolios include the following:

- A favourable Report has been received from the Audit Commission on the Council's Property Asset Management in April 2010, showing significant improvement over the previous two years
- Major refurbishment of the Old Fire Station is now complete, which will provide community and cultural facilities
- A major programme of improvements to childrens' play spaces is almost complete
- Decent Homes Standard has been achieved across the portfolio at 31/12/2010
- Decommissioned sheltered schemes are being demolished and replaced in the programme (e.g. Alice Smith House) or have been redeveloped (e.g. Cardinal House and Lambourne Road)
- Redevelopment of defective 'Orlit' houses on Rose Hill is progressing and will be complete by end of 2011/12
- Participation in benchmarking is ongoing for housing services using House Mark for landlord services and Housing Quality Network for strategic housing services.



# Section 2

## 2 Portfolio Objectives and Overview

### 2.1 Asset Management Objectives

The strategic objectives for our General Fund and Housing Revenue Account assets are as follows:

**Objective 1** We want all of our property (General Fund and Housing Revenue Account) to support our corporate objectives in regeneration, housing, environmental, community and customer services

**Objective 2** We want all of our property (General Fund and Housing Revenue Account) to be well-managed and efficient with, as appropriate, efficient running costs, efficient income generation and recovery and optimal utilisation, with value for money provided by our property services

**Objective 3** In our Housing Revenue Account properties, we want to improve the quality of our dwellings, to add to our housing stock and improve the quality of life on our estates

**Objective 4** Within the next three years we only want to own and/or occupy the minimum amount of operational property that is needed to fulfil the objectives of the services we provide and the corporate plan

**Objective 5** We want our General Fund investment property to make the greatest possible financial contribution to the Council within the context of the Council's wider corporate plan and policies, good

estates management and good investment management, thereby protecting and, where possible, enhancing asset value

**Objective 6** We shall work in partnership with other service providers/landowners where appropriate.

### 2.2 Portfolio Overview

The Council's assets are held in two portfolios: a General Fund and a Housing Revenue Account (HRA).

#### General Fund Overview

The portfolio comprises investment, commercial and community assets, totalling 659 assets by number and circa £193m by value as at 31 March 2011.

The main changes to the portfolio are as follows:

- In the year 2009/10 the number of assets has been reduced by five through disposals, and in 2010/11 by four through disposals, with no acquisitions in the period.
- Investment Property rental income has remained broadly static between the period 2009–2011.
- Notwithstanding disposals of £4.05m between 2009 and 2011, the overall capital value of the estate has increased by circa £23m, reflecting increases in market values.



# Section 2

## General fund assets value and income 2009–2011

	2009–2010		2010–2011	
	Value at 31.3.10	Rental income	Value at 31.3.11	Rental income
Investment assets	£78,670,000	£6,230,000	£89,430,000	£6,200,000
Other land and buildings (including operational assets (offices and depots))	£87,430,000	£334,000	£91,750,000	£397,000
Community assets	£92,000	0	£157,000	0
Infrastructure assets	£207,000	0	£207,000	0
Assets under construction	0	0	£899,000	0
Assets held for sale	£965,000	0	£8,350,000	0
Surplus assets	£2,250,000	0	£2,200,000	0
<b>Total</b>	<b>£169,610,000</b>	<b>£6,560,000</b>	<b>£192,990,000</b>	<b>£6,590,000</b>

### Condition

All operational assets\* are ranked in terms of condition and suitability for the purpose of strategic portfolio planning, and are categorised as follows:

### Operational assets ranked by condition

Designation	Definition	Assets by floor area (m <sup>2</sup> )	No. of Assets
<b>A. Good</b>	<p>Properties that will be required in the foreseeable future, which meet current and future defined requirements well and at acceptable cost.</p> <p>In these properties, over time, the Council will endeavour to:</p> <ul style="list-style-type: none"> <li>■ significantly reduce any maintenance backlog (and if possible eradicate it)</li> <li>■ invest in effective planned maintenance and in making improvements.</li> </ul>	18,223	20
<b>B. Satisfactory</b>	<p>Properties that meet current and future defined requirements but where the costs are likely to be unacceptably high for long-term retention. These properties will be retained unless and until a better alternative is available.</p> <p>In these properties, over time, the Council will endeavour to:</p> <ul style="list-style-type: none"> <li>■ reduce any maintenance backlog, as appropriate</li> <li>■ invest in effective planned maintenance.</li> </ul>	32,670	49
<b>C. Poor</b>	<p>Properties that do not meet future defined requirements but where the costs are acceptable for short-term retention. These may either be retained or moved to the 'surplus' category.</p> <p>In these properties, the Council will:</p> <ul style="list-style-type: none"> <li>■ maintain at minimum maintenance levels (i.e. health and safety/watertight/legislative/contractual requirements)</li> </ul>	31,955	21

\* Excludes Car Parks, and Depots previously the responsibility of the Service area – these properties are being brought into the scope of Corporate Property and will be reported on in the annual performance management from 2012/13 onwards.





### Operational assets ranked by condition (continued)

Designation	Definition	Assets by floor area m <sup>2</sup>	No. of Assets
D. Bad	<p>Properties that will not be required in the future.</p> <p>If these properties are temporarily occupied, the Council will:</p> <ul style="list-style-type: none"> <li>maintain at minimum maintenance levels (i.e. H&amp;S / Watertight / Legislative / Contractual requirements) but only consistent with their expected occupied life.</li> </ul> <p>When these properties are vacated, the Council will:</p> <ul style="list-style-type: none"> <li>keep them secure and undertake minimum work on them to meet legal requirements and to preserve their value, if appropriate.</li> </ul>	0	0

This enables capital and revenue expenditure to be profiled and allocated accordingly. The Council's target is to achieve 50% in category A & B by December 2013. Performance against this aim will be measured annually and reported.

### Housing Revenue Account (HRA)

#### Overview

The portfolio comprises the Council's social housing together with shops, garages and other associated assets. The total portfolio value (based on Existing Use Value) was £466m at 31 March 2011. The main changes to the portfolio are as follows:

- new housing stock has come into the portfolio due to developments at Cardinal Place (53 homes) and Lambourne Road (38 homes),

however this is offset by the closure of Eastern House (15 homes) and Alice Smith House (20 homes).

- housing income has increased in line with the rent convergence formula.
- income from estate shops has decreased by 10% following lease expiries and tenant defaults, which has been somewhat mitigated by the positive effects of rent reviews and lease renewals.

### Housing Revenue Account fund assets value and income 2009–2011

	2009–2010		2010–2011	
	Value at 31.3.10	Rental income	Value at 31.3.11	Rental income
Housing stock (dwellings)	£556,260,000	£32,600,000	£466,000,000*	£34,350,000
Housing stock (hostels)	£2,040,000	£39,000	£2,040,000	£39,000
Estate shops	£4,230,000	£508,000	£4,250,000	£455,000
Miscellaneous	£5,260,000	£108,000	£2,960,000	£108,000
Garages and parking spaces	£8,860,000	£871,000	£10,220,000	£930,000
<b>Total</b>	<b>£576,650,000</b>	<b>£34,126,000</b>	<b>£485,470,000</b>	<b>£35,882,000</b>

\* this reduction in value is largely attributed to the social housing discount factor published by Department of Communities and Local Government being reduced to 32% of market value ie 68% discount compared to the previous discount factor of 45% of market value i.e. 55% discount



# Section 3

## 3 Performance Objectives

### 3.1 Asset Management Objectives

The six primary objectives set out in 2.1 for General Fund and Housing Revenue Account will be met and measured as detailed on the following two tables.

#### General fund primary objectives

Objective	Measures	Target
<b>Objective 1</b> We want all of our property to support our corporate objectives.	1. Reduction in office footprint by 2% (assuming post Offices for the Future baseline)	<ul style="list-style-type: none"> <li>2% reduction from 6243 m<sup>2</sup> by December 2012.</li> <li>Overall target of 10 m<sup>2</sup> per full time employee by March 2014.</li> </ul>
	2. Effective Planned Preventative Maintenance programme on General Fund assets, leading to an improvement in condition as measured by Chartered Institute of Public Finance and Accountancy benchmark	<ul style="list-style-type: none"> <li>75% in category A and B within the life of this plan</li> </ul>
	3. Reduction in carbon footprint in the portfolio against 2009 levels	<ul style="list-style-type: none"> <li>28% (2,800 tonnes) by March 2012</li> </ul>
	4. Efficient fit for purpose Community Centre portfolio, leading to an improvement in condition as measured by Chartered Institute of Public Finance and Accountancy benchmark	<ul style="list-style-type: none"> <li>50% in category A and B by December 2013</li> </ul>
	5. Use of assets to bring forward development/regeneration	<ul style="list-style-type: none"> <li>1 major development/regeneration under contract by Dec 2013</li> </ul>



## General fund primary objectives (continued)

Objective	Measures	Target
<p><b>Objective 2</b></p> <p>We want all of our property to be well managed and efficient.</p>	<ol style="list-style-type: none"> <li>Performance to exceed benchmark for collection, arrears, voids, rent increases</li> <li>Performance measurement of internal property service function</li> </ol>	<ul style="list-style-type: none"> <li>Budget 2011/12: £6.3m per annum</li> <li>Arrears (&gt;21 days): &lt;7.5% 2012/13 and &lt;5% 2013/14</li> <li>2.5% rental growth through the life of the Asset Management Plan</li> <li>4% per annum rate of return</li> <li>Voids &lt; 12 months at individual asset level</li> <li>Corporate property costs of managing investment portfolio not to exceed equivalent benchmarked costs</li> </ul>
<p><b>Objective 4</b></p> <p>Within the next three years, we want our General Fund operational property to be 'lean', that is, we only want to own and or occupy the minimum amount of operational property that is needed to fulfil the objectives of the services we provide.</p>	<ol style="list-style-type: none"> <li>Office occupancy ratios should be in line with Chartered Institute of Public Finance and Accountancy benchmark or better</li> <li>Depot footprint reduced</li> <li>Community centres should be modern and fit for purpose</li> </ol>	<ul style="list-style-type: none"> <li>10 m<sup>2</sup> per full time employee or less to be achieved during the life of this plan</li> <li>Reduction of 50% by number and up to 18% by size within the life of this plan</li> <li>Revenue costs for community centres not to exceed 2011/12 levels, due to pro-active management, effective planned maintenance regime and, where appropriate, Community Asset Transfer</li> </ul>
<p><b>Objective 5</b></p> <p>We want General Fund investment property to make the greatest possible financial contribution to the Council within the context of good estates management and good investment management, thereby protecting and where possible, enhancing, asset value.</p>	<ol style="list-style-type: none"> <li>Income maintained at 2008/09 levels or above.</li> <li>Capital value maintained at 2010/11 level or above.</li> <li>Minimum level of return</li> </ol>	<ul style="list-style-type: none"> <li>£6.18m +</li> <li>£89.43m +</li> <li>4% per annum</li> </ul>
<p><b>Objective 6</b></p> <p>We want to maximise synergies by working in partnership with other service providers/ landowners where appropriate.</p>	<ol style="list-style-type: none"> <li>Informal joint ventures or formal local asset back vehicles established with partners</li> </ol>	<ul style="list-style-type: none"> <li>Westgate: exchange of conditional contracts</li> <li>Barton Joint Venture established</li> <li>Northway and Cowley: exchange of conditional contracts.</li> </ul>



# Section 3

Housing Revenue Account primary objectives		
Objective	Measures	Target
<b>Objective 1</b> We want all of our property to support our corporate objectives.	1. New build social and affordable housing at Barton, Northway and Cowley 2. Effective Planned Preventative Maintenance programme, improvement in condition of housing stock	<ul style="list-style-type: none"> <li>■ Conditional contracts exchanged by December 2013</li> <li>■ Capital and Revenue delivered on budget</li> <li>■ Volume of replacement elements undertaken</li> <li>■ Split between planned and re-active works 60/40 respectively</li> </ul>
<b>Objective 2</b> We want all of our property to be well managed and efficient.	1. Performance to exceed benchmark for collection, arrears, voids 2. Performance measurement of internal property service function	<ul style="list-style-type: none"> <li>■ Rental Income: £35m per annum</li> <li>■ Arrears: &lt;2%</li> <li>■ Voids: 21 days</li> <li>■ Corporate property re-charge not to exceed equivalent benchmarked costs</li> </ul>
<b>Objective 3</b> In HRA properties, we want to improve the quality of our dwellings, to add to our housing stock, and improve the quality of life on our estates.	1. Effective Planned Preventative Maintenance programme, leading to an improvement in condition of housing stock 2. Homes and Communities Agency Affordable Homes programme	<ul style="list-style-type: none"> <li>■ Capital and revenue delivered on budget</li> <li>■ Volume of replacement elements undertaken</li> <li>■ Split between planned and re-active works 60/40 respectively</li> <li>■ 112 affordable homes by 2015</li> </ul>
<b>Objective 6</b> We want to maximise synergies by working in partnership with other service providers/landowners where appropriate.	1. Informal joint ventures or formal local asset back vehicles established with partners	<ul style="list-style-type: none"> <li>■ Barton Joint Venture established</li> <li>■ Northway and Cowley exchange of conditional contracts</li> </ul>

### 3.2 Supplemental Policy Objectives

These may be additional specific objectives or priorities that may be applicable to land and building assets and should be fed into to overall asset management strategy. They are summarised below:

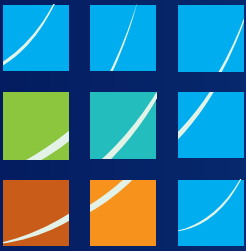
#### a. Carbon Management and Sustainability

As a general principle the Council will aim to manage its assets in order to minimise carbon emissions. Accordingly, the Council will utilise land and buildings

assets to help achieve the following Corporate targets:

- To implement measures to reduce the Council's carbon footprint by 28% (2,800 tonnes) by March 2012, compared to 2005/06, and 5% (300 tonnes) year on year thereafter
- To comply with all carbon and energy related legislation and reporting including Carbon Reduction Commitment Energy Efficiency Scheme, Display Energy Certificates, and use compliance to drive improvements in the way we use and manage resources





- To facilitate progress towards the Council-adopted 40% carbon reduction target for the City of Oxford as a whole, by 2020, compared to 05/06
- To implement, on a large scale, renewable technologies to generate electricity – such as photovoltaics – on our operational and domestic properties, taking advantage of the government fiscal instrument (Feed-In Tariff) for investment return and carbon reduction
- To implement appropriate renewable technologies to generate heat – such as biomass boilers – in our operational and domestic properties, taking advantage of the government fiscal instrument (Renewable Heat Incentive) for investment return and carbon reduction
- By 2020 to make Oxford a low-carbon city with a low-carbon economy
- Aim for all new buildings to be BREEAM ‘Excellent’ and where this is not possible they should be a minimum of ‘Very Good’.

### **b. Community Groups and Asset Transfer**

The Council is supportive of the content the ‘Quirk Report’ (Department for Communities and Local Government 2007) and the government’s response ‘Opening the Transfer Window’ (Department for Communities and Local Government 2007), which sets out the principles of Community Asset Transfer. The Council considers that this will be mainly relevant to its Community Centres and Pavilions and therefore the strategy for these asset classes will have due regard to these principles.

### **c. Property Subsidisation**

The Council is empowered, in certain circumstances, to grant interests in property at less than best consideration. However, this often disguises the actual costs of property in any particular project. From 2010/2011 onwards, the Council has moved to a system of charging full rental value in all cases. This will make the service costs of the Council’s property transparent. Any other arrangements will be by exception and subject to the Council’s express approval through its executive board.

### **d. Equalities**

The Council has an Equalities Action Plan and it will ensure that all actions taken under the AMP support

this action plan. In the delivery of the projects we will ensure that Equality Impact Assessments are undertaken as necessary.

The Council will continue its work on access to public buildings Disability Discrimination Act. All of our buildings have now had accessibility surveys and have accessibility plans in place. Wherever appropriate the Council will also support equalities initiatives in property management and construction.

### **d. Heritage and Environment**

The Council has significant land and building holdings in key parts of the city centre and elsewhere in the city. In some cases this property not only supports the Council in delivering its services or supporting its budgets but also, incidentally, it contributes to the historic and/or environmental fabric of the city. In managing and reviewing its property holdings the Council will be mindful of this, and where it considers that the historic or environmental fabric of the city may be prejudiced unless it continues its ownership, it will retain ownership.

## **3.3 Benchmarked Performance Measurement**

The results of benchmarking the performance of the Council’s assets are fed into the overall strategy, with all actions that are required to improve the overall performance of the portfolios considered.

### **General Fund**

The General Fund comprises the Council’s operational, community, commercial and investment assets. The performance measurement is assessed using Chartered Institute of Public Finance and Accountancy National Property Performance Management Initiative data (2008/9) for comparison. Because the Councils’ portfolio contains a diverse range of property types, comparisons between aggregate portfolio averages can only be a general guide. The Council aims to be in the top quartile of the National Average Benchmark. In summary, the Council’s current performance is as follows:

#### **Above National Average Benchmark**

- Higher proportion of assets in good/satisfactory repair
- Lower proportion of assets in urgent need of repair



# Section 3

- Lower average energy consumption (per m<sup>2</sup>)
- Lower carbon emissions (per m<sup>2</sup>)
- All properties with access plans

### Below National Average Benchmark

- Higher proportion of reactive maintenance vs planned maintenance
- Higher average energy cost (per m<sup>2</sup>)
- Water consumption and cost above average (per m<sup>2</sup>)

### Housing Revenue Account

Various quantitative and qualitative measures are reported on monthly and annually against our own performance- target benchmark. The measures, targets and performance statistics are monitored by the Housing Landlord Services Board, and any actions required to improve performance of the assets are fed into the Asset Management Action

Plan. Based on our current performance measurement system of the Housing Revenue Account, the following areas are currently running below our target benchmark:

- Percentage cash collected, excluding Housing Benefit
- Cash value of arrears
- Proportion of rents collected
- Environment Improvement budget spend (£70,000)
- Evictions attended / percentage requested to
- Budget spent on profile
- Mutual exchanges / assessed within target

Full details of the performance of the General Fund and Housing Revenue Account portfolios may be viewed in Appendix 1; these statistics will be refreshed annually and fed into the annual Action Plan in Appendix 2.

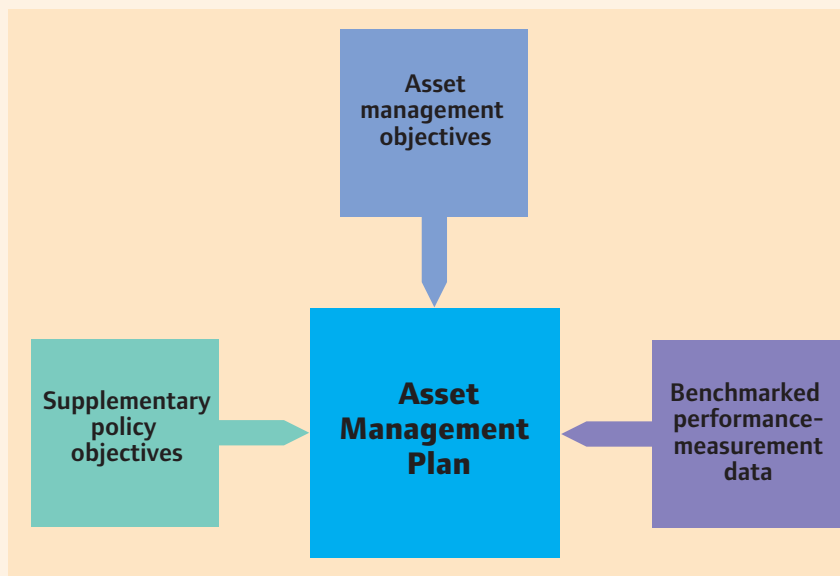




# Section 4

## 4 Asset Strategy

Having set the overall strategy for the Council's assets aligned to the Council's priorities, these principles are then distilled down to individual asset classes.



**Elements  
contributing to  
Asset Management  
Plan**

Our General Fund and Housing Revenue Account assets are summarised into the following classes:

- Agricultural
- The Covered Market
- Investment properties
- Allotments
- Depots
- Leisure assets, parks and open spaces
- Car parks
- Development and regeneration
- Sheltered housing
- Cemeteries
- Estate shops
- Tower blocks
- Community centres
- Garages
- Council offices
- Housing stock





# Section 4

## 4.1 Agricultural Properties

The portfolio consists of circa 936 acres of agricultural land, incorporating four farms, long-term leased farmland, short-term grazing land, seasonal lettings, and vacant land.

In addition the Council holds approximately 1000 acres of countryside property comprising meadow land, nature parks and reserves, woodland, country parks and other countryside amenity land.

Agricultural land held by the Council is held for two main reasons: as a property investment; or in some cases as a potential 'land bank' particularly where opportunities arise to develop land for housing purposes.

There are number of sites in the Council's ownership that may offer strong potential for long-term residential development. These areas should be retained and promoted, which would result in a substantial uplift in value. Some smaller sites appear to have potential in the short term and will be investigated as opportunities become apparent.

There is considerable variation in rent for areas let as Farm Business Tenancies or for horse grazing. These should be standardised where they are inconsistent.

A number of sites are surplus to requirements and do not appear to meet the Council's aims. The Council will review whether these sites are appropriate for disposal.

Countryside properties are held by the Council largely as public assets for the benefit of the community alongside the protection of sites of scientific interest, conservation/ preservation of wildlife, natural habitat and flora and fauna of the area. The Council will seek to manage such sites effectively and efficiently.

### Actions

- Alignment of rents across the portfolio for Farm Business Tenancies and Horse Grazing etc
- Review of any sites that do not meet the Council's objectives to establish if they are appropriate for disposal.

## 4.2 Allotments

The portfolio consists of 29 open allotments sites of which 27 are held freehold and two are leased in by the Council.

There is a waiting list for new allotment plots. However in accordance with the Green Spaces Strategy 2012–26, vacant plots on current sites will be cleared to reduce this waiting list, rather than investing further in allotment space, other than urgent improvement and repair works.

### Actions

- The Council will retain allotment sites and will pick up issues on specific sites in its programme of area reviews, or if they are pressing, as they arise.
- All opportunities to revise fees and charges will be considered in line with the national average position, and supply and demand will be balanced
- The Council is committed to its existing portfolio of allotments and in accordance with the Green Spaces Strategy, the Council will continue to provide at least one plot per 125 head of population.

## 4.3 Car parks

The portfolio consists of 16 car parks, made up of three Park and Rides, two multi-storey, one underground and 10 surface car parks (excluding Parks car parking). The total spaces provided are circa 4,798 spaces which produce a gross revenue income of around £7.1m per annum

With effect from 1 October 2011, the operation of the Park and Rides at Redbridge, Sea Court and Pear Tree were transferred back to Oxford City Council.

Accordingly, all opportunities for improving these car parks are currently being considered, including the provision of improved waiting facilities and W.C.s where permitted, and all commercial opportunities will be fully explored.

The Council will continue to invest in both its city-centre and non-city-centre car parks, to support the retail offering and commercial interests of the city, and provide amenities for its citizens, visitors and tourists.

Where there are potential commercial opportunities within the portfolio (as in the case of St Clements car park), it will explore these opportunities in pursuit of its corporate priorities for housing and regeneration, provided that this is consistent with the broader objectives for the car park portfolio.

The redevelopment of the Westgate shopping centre will require both the Westgate multi-storey and Abbey Place surface car parks to be disposed of to facilitate





the development. Negotiations continue on this and commercial terms are expected to be concluded in 2012/13.

### Actions

- Improvement of Park and Ride facilities
- Investment in city-centre and non-city-centre car parks to preserve and improve the quality
- Consideration of all commercial opportunities to advance the Council's corporate priorities.

### 4.4 Cemeteries

The portfolio consists of four cemeteries: Botley, Headington, Rosehill, and Wolvercote. Of these only Wolvercote and Botley are open to new burials, and are predicted to be closed to new burials between 2018–21 and 2021–24 respectively.

The Council will make available adequate site provisions for cemetery space for the foreseeable future. In doing so it will review its current policies for grave re-use and fees to protect its ability to continue to make provision of this service. A review of potential sites was conducted throughout 2010/11 and a shortlist of four sites was selected for detailed geological surveys.

### Action

- The survey results were presented in late 2011 and recommendations will be made for taking forward the project in 2012.

### 4.5 Community Centres

The portfolio consists of 19 Community Centres across the city with an existing use value of about £12.41m at 31 March 2011.

We have made progress in 2011 on the existing Northway centre and the former community centre site at Cowley, where the Council is close to securing a redevelopment which will see much needed new affordable housing and fit-for-purpose community centres at both sites. The Council will continue to undertake feasibility studies across the portfolio to explore the possibilities of improving the community centres, whilst also contributing to other corporate priorities.

The Localism Act 2011 gives communities the freedom to run their own affairs in their own way by enacting a series of specific rights that can be

exercised on the initiative of local people. Specifically 'Community right to bid' gives the power to save assets of community value threatened with closure, by allowing communities to bid for ownership and management of them.

The Council will establish occupational leases with community groups to formalise responsibilities. These leases will be between one and three years, but will not guarantee future security of tenure. The Council will consider granting Community Associations long-leasehold interests (or asset transfers) where the following criteria are met:

- The building is in repair and unlikely to have any major defects during the life of the lease granted
- The Community Association is significantly on the way to achieving VISIBLE or an equivalent accreditation recognised by the Council
- There is no realistic prospect of the building being redeveloped in the medium to long term.

### Action

- The Council will consult with Community Associations in its assessment and application of the above criteria to individual centres.

### 4.6 Council offices

The portfolio consists of leased property (with an annual rental of £416,000 per annum) and freeholds with a value of approximately £17m. Following the successful implementation of the Offices For The Future programme (March 2012), the office portfolio comprises 6,243 m<sup>2</sup> (including Horspath Road):

- Town Hall
- St Aldate's Chambers
- Bury Knowle House
- Horspath depot

The average occupancy level and costs (post-Offices For The Future implementation) are summarised in the table on page 22.

The Council aims to reduce its occupancy ratios to circa 10 m<sup>2</sup> per full time employee overall, and through the use of modern working protocols, following the completion of the Offices for the Future programme, aims to reduce further the office space it occupies by a further 2% (128 m<sup>2</sup>) before the end of 2012. It is the Council's aim for a medium term target of 10 m<sup>2</sup> per full time employee, this will be largely achieved as part of



# Section 4

## Council offices: average occupancy level and costs

Building	Size (m <sup>2</sup> )	Running cost (£ : 2011/12 budget)	Value fixed asset Register (31.3.2009)	Occupancy ratio (m <sup>2</sup> /Full-time employee)
St Aldate's Chambers	2,687	607,891	Nil	6.55
Town Hall (Offices)	1,351	129,000	£13,700,000 (total)	12.53
Bury Knowle House	128	45,818	£135,000	7.53
Horspath	2,077	Not split	£3,400,000	26.9
<b>Total</b>	<b>6,243</b>	<b>£783,000</b>	<b>£17,230,000</b>	<b>13.37 (average)</b>

the depot rationalisation project, within the period of the Asset Management Plan.

The Council aims to increase the efficient use of the Oxford Town Hall, and generate further net revenues. Several proposals are currently being considered which will involve significant capital expenditure on the Oxford Town Hall in order to generate more income-producing events and external lettings. A business plan is currently being developed to explore and assess all such proposals.

### Actions

- Implementation of Office for the Future delivery programme
- Further rationalisation of non city centre offices and depot ancillary offices
- Town Hall business plan and programme.

### 4.7 The Covered Market

The market consists of 57 units with a total trading floor space of about 2,323 m<sup>2</sup>, producing a gross rental income at March 2012 of £920,000 per annum

The Covered Market is one of the most important assets within the Council's investment property portfolio. Despite its notional high value in property investment terms, the Council is committed to maintaining ownership of this asset in perpetuity because of its historic and future significance to the wider city community and its contribution to the offering for tourists and other visitors.

The Council has an adopted leasing strategy for the market, which provides a framework for regulating both the tenant mix and physical configuration of the market. This is its primary asset management tool for ensuring the future commercial success and vibrancy

of the market. The Council will continue to apply this document to all future leasing decisions and applications for change of use.

The Council has recently embarked on a new 'visioning' initiative with the Market Traders Association and other key stakeholders to develop a sustainable business plan to preserve and enhance this specialist asset into the future. This work is underway and will continue throughout 2012/13.

A significant proportion of leases within the market are aligned in terms of rent review dates; these leases have the next rent review due in March 2012, negotiations on which will commence close to the review date.

Cleaning, caretaking and security services for the market are undertaken by Oxford Direct Services on behalf of the Council. Whilst this historic arrangement has proved to be effective there is a desire to formalise this arrangement further by the agreement of a Service Level Agreement. This will be developed and consulted on with stakeholders in 2012/13.

In addition, various capital improvement works are planned for the market in 2012/13; these will be consulted on with all the market stakeholders prior to implementation.

### Actions

- Ongoing implementation of the Leasing Strategy
- 'Visioning' initiative underway with stakeholders
- Rent review 2012/13
- Development and agreement of SLA for cleaning, caretaking and security with Direct Services
- Capital improvement works programmed for 2012.



## 4.8 Depots

The portfolio consists of 11 depots throughout the city, of which there are three main depots, six parks/ ancillary depots, and two depots that have been formally designated as surplus, and will be disposed of in due course. The portfolio value is around £4m (Existing Use Value) and the retained portfolio consists of approximately 11,000 m<sup>2</sup> of accommodation.

The Council has undertaken a review of its depot portfolio during 2010/11. Phase 1 of the Depot Review recommended that the six parks depots could be reduced to three, effectively creating a 'Northern Hub' (Cutteslowe Park) and 'Southern Hub' (Florence Park) with an ancillary depot being retained at Horspath Sports Ground. The three other depots were subsequently designated as surplus (although only two have been vacated to date) and Corporate Assets have subsequently been working-up planning permissions for alternative use on these surplus assets prior to disposal.

A number of works will be required on the retained sites to improve the standard of accommodation and staff welfare facilities, which will be implemented in 2012 as part of the Capital programme.

The Depot Review will be progressed further through 2012/13 with business case and options appraisal for consolidation of main depots of Cowley Marsh and Horspath Road together with further due diligence and feasibility work as necessary as matters progress.

### Actions

- Capital works to be progressed in 2012 for retained depot sites

- Disposals of surplus depot sites
- Development of a business case for a consolidation of Cowley Marsh and Horspath Road main depots.

## 4.9 Development and Regeneration Assets

There are sites where the Council's land ownership can unlock the delivery of corporate priorities. The following sites are currently being promoted for redevelopment, which is likely to commence during the 2011/13 Asset Management Plan period:

- **Barton:** housing-led redevelopment to be delivered through a public and private Joint Venture vehicle between 2015 and 2020
- **Northway:** housing and community facilities to be delivered through private-sector development between 2012 and 2014
- **Cowley:** housing and community facilities to be delivered through private-sector development between 2012 and 2014.

The following site is currently being promoted and in the early stages of negotiation:

- Westgate Shopping Centre – city-centre retail and leisure extension and redevelopment to the existing shopping centre.

The following areas are considered to have medium to long-term redevelopment potential:

- Blackbird Leys – regeneration of central and public realm areas and provision of much needed affordable housing



# Section 4

- Oxpens – commercial and residential mixed use regeneration project at the edge of the city.

## Actions

- Completion of development agreement for Barton in 2011
- Start on sites for Northway and Cowley in 2012
- Completion of development agreement for Westgate in early 2012
- Blackbird Leys regeneration strategy commissioned in late 2011
- Oxpens commissioning of Supplementary Planning Guidance by Local Planning Authority 2012/13.

## 4.10 Leisure assets, parks and open spaces

The portfolio consists of nine assets, including five swimming pools, one ice rink, and four leisure centres. Together the portfolio consists of circa 15,800 m<sup>2</sup> of space, with a total value (Existing Use Value) of approximately £20m.

The Council is currently three years into a ten-year partnership with Fusion Leisure, who lease the leisure facilities and deliver services. The partnership delivers a saving of just under £7m over the life of the contract. This will involve further capital works to improve the assets – recommendations for which were brought forward and approved in late 2011.

The Council intends to review the future of the existing swimming pools at Blackbird Leys and Temple Cowley which have reached the end of their useful life alongside proposals to construct a new competition standard pool adjoining Blackbird Leys Leisure Centre a project for which funding is in situ.

The Council has reviewed its pavilions stock within the 2012–26 ‘Playing Pitch Strategy’. The existing buildings, in the main, are of a very low standard, with a very significant maintenance backlog. The Council will aim to improve the quality of these facilities over a phased period. In tandem with this it will continue to explore all opportunities for working with partners to assist in this improvement programme, to make the facilities sustainable over the long term.

## Actions

- A second phase of leisure improvement works to be commenced in 2012 as per approved plan
- Pavilion scoping to be in place by the second quarter of 2012.

## 4.11 Housing stock

The portfolio consists of about 7,770 dwellings, producing a rent of £34m, and a capital value of £466m.

The housing stock is now compliant with the Decent Homes Standard (save for any homes where tenants have refused these works being done); this will be maintained in line with the Council’s legal and statutory duty going forward.

The principal planning tool for the housing stock portfolio will be the 30-year Housing Revenue Account business plan, which will develop a rolling annual programme of planned maintenance and building improvements across the portfolio. This business plan will consist of both a basic work programme of planned maintenance, together with strategic planning for life-expired assets, and opportunities for new-build and value- and revenue-generating opportunities.

This business plan will also act as a capital-planning tool over the time horizon and will aim to eliminate any shortfalls in funding by efficient planning of capital receipts and prudential borrowing where applicable.

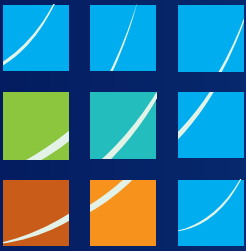
## Actions

- The draft business plan will be produced by February 2012 and took effect in April 2012 in accordance with the proposed Housing Revenue Account reforms due to take effect
- The Council has prepared itself for the introduction of the proposed Housing Revenue Account reforms by the appointment of a project team, which will consist of internal and external resources. The team will report in to the Housing Landlord Services Board.

## 4.12 Estate shops

The portfolio consists of 60 shops which are situated within or close to housing estates. These produce £455,000 in income and are currently valued at £4.25m.





The Council will continue to support the provision of community local retail facilities through its estate shops. These shops will be managed in accordance with the Council's Asset Management Protocols (see appendices) and will be on commercial terms at market rental values. The Council will seek to promote an appropriate tenant mix in each parade to promote viable businesses and provide appropriate facilities to the community that they serve.

### Actions

- Implementation of lease renewals and rent reviews as they arise in order to protect income, mitigate risk, and promote a healthy retail offering for the local community.

### 4.13 Garages

The portfolio consists of circa 2,330 garages and car spaces producing an income of £930,000 and currently valued at £10.22m (Existing Use Value). The garages are let to council-house tenants, private individuals, and businesses.

The Council will continue to provide essential garage and car-parking spaces for the benefit of its council house tenants. However it is considered that there may be opportunities to introduce a more commercial approach to the letting of garages and car spaces. This may involve the alignment of rents with prevailing market levels for non-housing tenants.

There may also be opportunities to redevelop garage sites for new housing projects. All such opportunities will be explored and considered as part of the strategic analysis of the portfolio. All opportunities for re-provision of spaces will be considered where

appropriate, however in certain instances the Council may favour its corporate priority of the development of affordable housing without the re-provision of garages and car spaces.

### Actions

- A review of rents charged and alignment of rents charged to non council tenants with the prevailing market levels
- A review of garage sites to promote opportunities for new-build, much needed, housing provision within the city.

### 4.14 Sheltered housing

The portfolio consists of ten operational complexes, with a further two complexes that are being used for temporary homeless accommodation. The operational portfolio consists of 306 units with a total value (Existing Use Value – Social Housing) of approximately £12.5m.

The strategy currently underway is to rationalise a number of existing blocks in order to generate capital receipts to fund Decent Homes works, and to redevelop and increase the density of housing on a number of the retained sites. A number of feasibility studies will inform the nature, timing and sequence of the re-developments, however the strategy is being considered in the context of the Housing Revenue Account reform programme and will be aligned to the 30-year Business Plan and the overall capital funding of the portfolio. Pending this decision to move forward, a number of blocks will be utilised for temporary homeless accommodation.



Section 4

**Actions**

- Alignment of existing strategy with Housing Revenue Account 30-year Business Plan.

**4.15 Tower blocks**

The portfolio consists of five blocks, providing a total of 298 units (excluding units sold off under Right to Buy) with a portfolio value (Existing Use Value – Social Housing) of around £8.75m.

Several studies have been commissioned to inform the future strategy for the Council's Tower Blocks. It is clear that there are certain technical building features common to most of the blocks that will require investment in order to prolong the life of the assets, and improve the quality of the accommodation for tenants and leaseholders. The Council remains committed to the future of these assets and will invest in them to improve the quality of accommodation for

our tenants and leaseholders. A full programme of investment will be aligned to the Housing Revenue Account 30-year Business Plan and all proposals will be fully consulted on prior to the implementation of any improvement works.

**Actions**

- A proposed tower block investment programme is part of the Housing Revenue Account 30-year Business Plan.

**4.16 Investment properties**

The portfolio is made up of all properties that are let on 'arms length' commercially negotiated leases or licenses, which are held for the purpose of income or capital gain. The portfolio consists of some 180 assets which produce an annual rental income of £6.2m, and have a capital value of £89.43m at 31 March 2011 (Market Value/Fair Value)

**Asset management categorisation**

	<b>Institutional investment assets</b>	<b>Socio-economic investment assets</b>
<b>For the purpose of devising its asset strategy, rather than for IFRS financial accounting purposes, the Council will divide its Investment assets into the following categories</b>	<p>These assets are held and managed primarily for financial return.</p> <p>The overarching Investment Strategy for this category of asset is to generate and preserve an 'institutional grade' of investment return, with low risk profile and long unexpired lease terms.</p>	<p>These assets may be held for financial return, but this is incidental to the primary rationale for enduring ownership, which is for the wider socio-economic benefit. This category may also include regeneration and development assets, which are held by the Council to secure specific city regeneration and corporate objectives. Such assets may have a varied maturity profile which extends through the short/medium and long term development cycle. These assets are required to have a detailed strategy formulated and proven for retention, together with a short/medium term strategy for income and capital enhancement.</p>

**Principles for disposal**

	<b>Institutional investment assets</b>	<b>Socio-economic investment assets</b>
<b>Assets will only be considered for disposal if the following lists in each category applies</b>	<p>The income from the site is below what could be achieved from:</p> <ul style="list-style-type: none"> <li>■ An alternative/more intensive use</li> <li>■ Investment of the capital receipt (i.e. the property is uneconomically let)</li> <li>■ There is no potential to re-gear, or otherwise manage the lease in a more economically advantageous way.</li> </ul>	<p>If all three of the following statements can be applied to the asset:</p> <ul style="list-style-type: none"> <li>■ It no longer makes a positive contribution to the current delivery of Council services</li> <li>■ It has no potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Corporate Plan aims and objectives</li> <li>■ An alternative site can provide a more cost-effective and/or efficient point of service delivery.</li> </ul>



**Investment criteria for Institutional and Socio-economic assets**

	<b>Value added assets</b>	<b>Opportunistic assets</b>
<b>Both institutional and socio-economic grade investment property assets may subsequently fall into one or the following sub-categories</b>	Assets held by the Council which produce 'core' returns, however through active asset management techniques, may be capable of generating additional income or capital returns for a given level of risk – examples of such techniques would include lease re-gearing, refurbishment and re-letting opportunities.	Assets held by the Council which require significant redevelopment works or re-positioning to maximise income and or capital value. This grade of asset has a high risk/return profile.
<b>Risk/return policies for each category</b>	Within a given level of risk and capital commitment, the Council is prepared to invest in such projects subject to detailed analysis and preparation of a Business Case. The primary objective should be to mitigate the risk; however the principle of use of capital resources to improve the revenue position is endorsed, albeit in line with the wider Council Treasury Management Strategy. Any investment decision would meet target hurdle rates of return appraised using discounted cash flow/internal rates of return methodology.	These assets are by their very nature likely to be of a significant scale in both capital, revenue and risk terms, and would be unsuitable for the Council to deliver alone. In such cases the Council will seek to mitigate risk by the introduction of joint venture partners, and will consider a range of delivery options (Local Asset Backed Vehicles etc).

**Principles for acquisition of Institutional and Socio-economic assets**

<b>Assets in either category may only be considered for acquisition if the following principles apply</b>	<ul style="list-style-type: none"> <li>■ The acquisition of the interest has potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Council's corporate objectives;</li> <li>■ The investment in land and buildings is used as a part of a wider treasury management function for the allocation of capital to provide an investment/revenue return to support front line services. Any investment decision would meet target hurdle rates of return appraised using discounted cash flow/internal rates of return methodology.</li> </ul>
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The principles for their strategic management of the investment property portfolio are shown in the table below.

The overall portfolio strategy is to improve the rate of return on the portfolio, reduce portfolio risk, and enhance the quality of the portfolio by proactive tenant mix strategies.

Performance and risk of the portfolio will be measured in an annual report during the life of the Asset Management Plan, and fed into the annual action plan which will be developed for improvement in performance and mitigation of risk in the portfolio.

The management and administration of the portfolio will need to demonstrate value for money. A full

evaluation of data, systems and processes will continue to be undertaken. In the interest of maximising the rate of return on the portfolio, all options for management and administration of the portfolio will be evaluated.

**Actions**

- Classification of assets into institutional and socio-economic categories
- Annual performance and risk report to be produced
- Review of data, systems and processes and evaluation of options for management and administration of the portfolio.





# Section 5

## 5 Organisational and Governance Structure

The Council has recognised the need to manage its property asset base corporately and has therefore established a structured approach with clear roles and responsibilities and clarity of accountability and control.

The diagram on page 29 shows the principles of this type of approach based on a diagram in the Royal institution of Chartered Surveyors publication *Public Sector Asset Management Guidelines* (2011). This structure shows the following roles and functions:

- Responsibility for the day-to-day asset management function
- Operational departments' role in asset management
- The asset management corporate forum
- The asset champion
- The senior manager responsible for asset management
- Officer decision making
- Member decision making.

### 5.1 Responsibilities that apply in the Council

#### Responsibility for the asset management function

The Head of Corporate Property manages Oxford City Council's property corporately. All day-to-day decisions

regarding property or land and its occupation are his/her responsibility and the Head of Corporate Property takes the lead on strategic property matters. Service departments are responsible for the service activities within properties and on land, so long as they do not involve any change in property or land and its use, utilisation or occupancy.

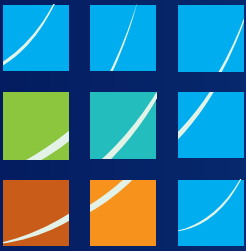
#### The Corporate Asset Management and Capital Board, and operational departments' role in asset management

A Corporate Asset Management and Capital Board is responsible for major strategic decisions on the Council's General Fund and Housing Revenue Account. These are not day-to-day decisions but major decisions which consider the way the council deploys its property assets in furtherance of the its core strategic objectives. The Council's services are represented on this group. It is chaired by the Executive Director of Organisational Development and Corporate Services.

#### Asset champion

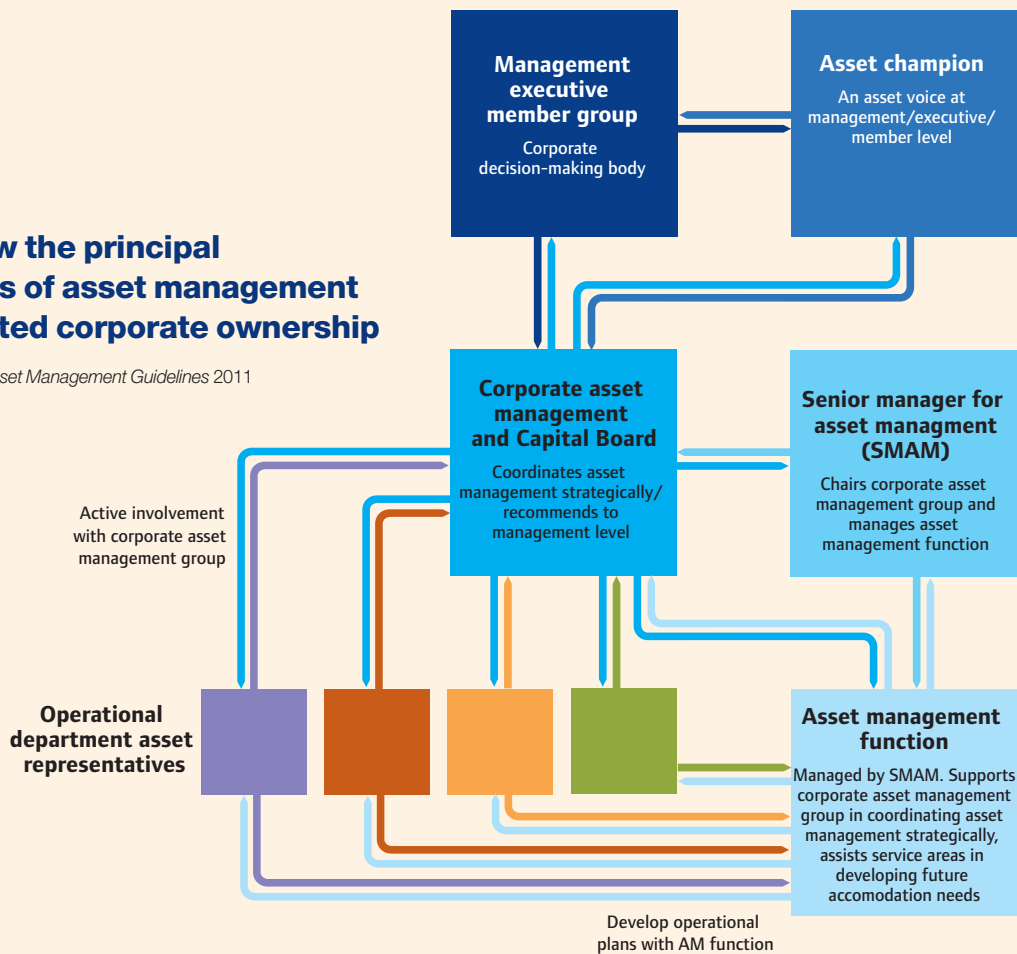
The City Executive Board Member responsible for Asset Management is the lead member of the Council specifically charged with pushing forward asset management initiatives and making sure that all major





**Diagram to show the principal communications of asset management through integrated corporate ownership**

Based on RICS Public Sector Asset Management Guidelines 2011



initiatives and projects are progressed on time, and that assets are managed and considered strategically and targets are met.

**Senior manager for asset management**

This role is a similar role to the Asset Champion but at senior officer level. This person will work closely with the Asset Champion and the Head of Corporate Property. The senior manager with responsibility for asset management is the Executive Director of Organisational Development and Corporate Services.

**5.2 The Housing Revenue Account reform**

In the light of the forthcoming Housing Revenue Account (HRA) reform and the Council's desire to transform the way in which HRA construction and property matters are dealt with, the 'Council 2012' initiative has reorganised responsibilities for construction and property matters for HRA

properties. In simple terms the current responsibilities for HRA assets are as follows.

**The Head of Housing**

Acts as the Housing Client with responsibility for housing strategy, housing capital programme, housing landlord function, neighbourhood renewal commissioning, HRA Business Plan development and implementation, commissioning housing maintenance programmes, tenant involvement and housing needs and homelessness.

**Executive Director of Organisational Development and Corporate Services**

General Fund (GF) and HRA financial planning and accounting (capital and revenue) and HRA reform.

**Head of Corporate Property**

Responsible for large scale housing estate regeneration projects and development of affordable housing and will support the development of HRA Business Plan in conjunction with the Head of Housing and Head of Oxford Direct Services.



# Section 5

## Head of Oxford Direct Services

The Head of Oxford Direct Services will be an internal contractor currently providing maintenance and home improvement services. It is important that there is complete transparency and good governance in contracting and as a contractor the Head of Oxford Direct Services will be careful not to be involved in policy making and decisions about tenders, due to a possible conflict of interest.

## The City Executive Board Member for Housing

Elected member lead on housing strategy and implementation.

## Housing Landlord Services Board

Is responsible for ensuring that the Council:

- Meets its obligations as a landlord
- Improves tenant satisfaction
- Meets the decent homes standard
- Develops the HRA business plan
- Monitors service standards and unit cost, providing an effective, efficient and responsive service to tenants.

## Financial Planning

The forward housing financial plan and the annual housing budget will be prepared by the Head of Finance and the Head of Housing, supported by the Head of Corporate Property. The Head of Oxford Direct Services will provide data and information to the process as needed.

## Budget Holders for Property Work

The Head of Housing will be the primary budget holder for all HRA expenditure. However the major construction, homes improvement and repairs and maintenance, capital and revenue budgets will be delegated by the Head of Housing to the Head of Corporate Property. The Head of Corporate Property will be responsible for these annual budgets and will procure major construction, homes improvement and repairs and maintenance works on the basis of value for money. The Head of Oxford Direct Services has a successful track record of undertaking HRA improvement and maintenance work and has built up a good team capable of doing this work. Provided that value for money can be demonstrated, Oxford Direct Services will continue to undertake the majority of maintenance works for the HRA portfolio, where this is within their area of expertise and will budget for reactive maintenance.





# Section 6

## 6 Capital Programme

The management and planning of the Council's capital programme is undertaken by the Corporate Asset Management and Capital Board. This board oversees both the capital funding and capital expenditure and following a programme, by delivering the disposal programme, prudential borrowing and funding strategy, together with oversight and monitoring of the capital bidding and business-case development processes.

In order for a capital bid to be included within the capital programme a prioritisation methodology is applied which considers and appropriately weights the following criteria:

- Contribution to corporate priorities
- Statutory/non-statutory
- Small scheme weighting
- Funding availability
- Revenue implications
- Risk factor.

The various schemes are ranked, and included in the provisional capital programme subject to final allocation of available funding and approval of a business case. Once a business case has been endorsed by Corporate Asset Management and Capital Board, it may proceed under delegated powers where appropriate, or alternatively will need to be specifically approved by Single Member Decision or City Executive Board where required.

Following the application of the above process at 31 March 2011 the four year capital and funding programme by service are summarised in the tables on page 32.

Key projects in the capital programme include the following:

- Offices for the Future
- Blackbird Leys competition standard pool
- Play Barton
- Playground refurbishments
- General Fund Planned Preventative Maintenance programme
- New depot.

In addition, the Housing Revenue Account reforms will allow the Council to undertake a significant programme of new build housing and within the Housing Revenue Account Business Plan amounts have been included as follows.

### **Homes and Communities Agency Affordable Homes Programme**

The Council has successfully bid for programme funding to deliver 112 new homes in the period 2012 to 2015. The programme comprises the redevelopment of an existing sheltered housing block (Bradlands: 40 homes) together with a range of small surplus sites in the Council's ownership which would otherwise be sold and are beneath the Section 106 Planning Obligations requirement to contribute to affordable housing (fewer than ten homes). The programme provides for 68 homes at social rents. The balance of the programme will be higher 'affordable rents' to provide accommodation for homeless persons who would not otherwise find housing at market rents in the private rented sector. The Homes and Communities



# Section 6

<b>Four-year capital programme total finance*</b>				
<b>Capital scheme</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
City development total		0	0	0
Environmental development total	790,000	1,090,000	740,000	690,000
Community housing and development total	90,000	0	0	0
Corporate assets total	3,958,000	1,510,000	1,466,000	910,000
City Leisure total	8,739,071	1,830,000	492,000	108,000
City works total	2,216,271	4,239,000	2,083,000	1,811,000
Business transformation total	327,000	377,000	277,000	327,000
<b>General Fund total</b>	<b>16,120,342</b>	<b>9,046,000</b>	<b>5,058,000</b>	<b>3,846,000</b>
<b>Housing Revenue Account</b>	<b>8,395,000</b>	<b>8,375,000</b>	<b>8,029,000</b>	<b>7,736,000</b>
<b>Grand total</b>	<b>25,515,342</b>	<b>17,421,000</b>	<b>13,087,000</b>	<b>11,582,000</b>

\* This is correct at the time of closing the Consultation Draft, any amended programme will be substituted in this final adopted document.

<b>Four-year capital programme funding*</b>				
<b>Financing of General Fund</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Government funding	590,000	390,000	390,000	390,000
Capital receipts	3,900,000	2,262,583	1,000,000	632,220
Direct revenue funding	3,600,000	1,340,000	1,333,280	1,453,780
Direct revenue funding: Vehicles	1,291,000	1,230,000	1,270,000	1,370,000
Revenue reserves	457,505	356,000	0	0
Prudential borrowing	6,281,837	3,467,417	1,064,720	0
<b>Total General Fund financing</b>	<b>16,120,342</b>	<b>9,046,000</b>	<b>5,058,000</b>	<b>3,846,000</b>
<b>Financing: Housing Revenue Account</b>				
Housing Revenue Account funding	8,395,000	8,375,000	8,029,000	7,736,000
<b>Total Housing Revenue Account financing</b>	<b>8,395,000</b>	<b>8,375,000</b>	<b>8,029,000</b>	<b>7,736,000</b>
<b>Grand total financing</b>	<b>25,515,342</b>	<b>17,421,000</b>	<b>13,087,000</b>	<b>11,582,000</b>

\* This is correct at the time of closing the Consultation Draft, any amended programme will be substituted in this final adopted document.

Agency grant is £2.42m with the balance of £17.9m funded by the Housing Revenue Account (A15).

### **Barton Development**

The Council has a partnership with Grosvenor Developments to deliver over 900 new homes over the next 10 years, with a minimum of 40% affordable social rent. The Council may elect to develop, fund and manage the affordable stock. This might be partly

or fully funded through the Housing Revenue Account for which a amount of £60m has been included.

The programme is underpinned by the following key disposals:

- Sale of land at BMW
- Disposal of Temple Cowley Pool
- Grantham House disposal, now completed.





# Section 7

## 7 Planned Maintenance Programme

### 7.1 General Fund

Following completion of the current works within the 'Office for the Future' and leisure programmes a programme has been prepared which will address an outstanding backlog of maintenance over the coming six years alongside normal cyclical maintenance. Funding for this work is now included in the capital programme, which was approved by city Executive Board on 9th February 2011

In order to add rigour to the prioritisation of the maintenance backlog works, the building and schemes contained within the maintenance backlog programme have been scored against a range of criteria including the significance of the building and relevance or importance of the proposed project. The criteria used have been:

**a. For the building, its significance as:**

- Commercial (investment) property
- Civic property
- Operational property
- Community property
- Listed building.

**b. For the project relevance or importance, the criteria used are:**

- Legal, statutory or contractual
- Health and safety

- Operational property
- Overall project significance or importance.

This prioritisation methodology has been used to compile the programme on which the budget for the next six years has been agreed, which may be summarised below.

#### Budget cost

2012/13	2013/14	2014/15	2015/16
£2,011,000	£1,400,000	£1,400,000	£910,000

### 7.2 Housing Revenue Account

The completion of the stock condition survey has resulted in a 30-year plan which has in turn informed the planned maintenance budgets shown above. The Council's housing stock database, 'Codeman', is updated on a regular basis, with new surveys and data downloaded as works are completed. The budgets reflect the need to maintain the Decent Homes standard, but also to ensure the building fabric is maintained in a good condition and improvements are made to increase the quality of life for our tenants. The survey data will need to be expanded to include external elements of buildings and estate areas, together with any retrofit



# Section 7

technologies or photovoltaic solar panels that are fitted to the housing stock.

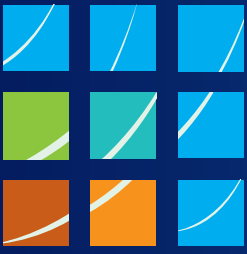
Although additional work is required, this will form a sound basis on which to build the 30-year business plan required as part of the Council's preparation for Housing Revenue Account reform. The programme for Housing Revenue Account Planned Preventative

Maintenance over the next four years may be summarised below:

Budget cost			
2012/13	2013/14	2014/15	2015/16
£2,011,000	£1,400,000	£1,400,000	£910,000







# Appendices



## Appendices



# Appendix 1

## Appendix 1

# Annual Performance Measurement 2010

### 1.0 General Fund performance

**1.1** The last return made to Chartered Institute of Public Finance and Accountancy (CIPFA), using 2009 data, under the national performance indicators initiative produced the following results against their benchmark:

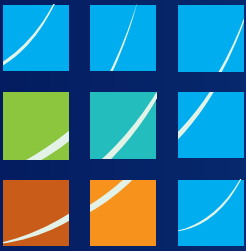
Measure 1: Asset condition									
KPI Category	CIPFA Benchmark				OCC				
	A	B	C	D	A	B	C	D	
Percentage of buildings	13%	62%	17%	1%	23%	39%	38%	0	
A	Good	Performing as intended/ operating efficiently							
B	Satisfactory	Performing as intended/showing minor deterioration							
C	Poor	Showing major defects/not operating as intended							
D	Bad	Life expired and/or serious risk of imminent failure.							

Oxford City Council has a higher proportion of property classified as Good than the national benchmark, but also a higher proportion of property identified as Poor where there is a requirement to address major defects and maintenance.

Measure 2: Outstanding maintenance						
KPI Category	CIPFA Benchmark			OCC		
	A	B	C	A	B	C
Percentage of buildings	46%	37%	17%	47%	46%	4%
A	Desirable	Within three to five years; fabric maintenance; low risk				
B	Essential	Within two years; prevent deterioration; medium risk				
C	Urgent	Immediate requirement; high risk				

Oxford City Council has a small percentage of properties that are in urgent need of repair. Most of the outstanding maintenance is classified as Essential or Desirable (within the next two years or beyond).





### Measure 3: Outstanding maintenance expenditure

KPI	CIPFA Benchmark	OCC
Expenditure/m <sup>2</sup>	£111	£83

Oxford City Council's outstanding maintenance cost per m<sup>2</sup> is lower than the national average, which is consistent with having a small proportion of the maintenance (4%) classified as urgent and high risk.

### Measure 4: Planned and responsive maintenance

Maintenance Programme	CIPFA Benchmark		OCC	
	Planned	Responsive	Planned	Responsive
Percentage	59%	41%	36%	64%

The national average is close to the notional division of 60:40 planned: responsive maintenance adopted as good practice in typical general portfolios as evidence of effective maintenance planning. The Council is working on rebalancing of its maintenance programme to achieve this.

### Measure 5: Energy consumption

Energy	CIPFA Benchmark	OCC
Energy Cost £/m <sup>2</sup>	£11.14	£15.23
Consumption kWh/m <sup>2</sup>	210	103.47

Oxford City Council's average energy consumption is under half the national average, but its energy costs are nearly 50% above the national average.

### Measure 6: Water consumption

Water	CIPFA Benchmark	OCC
Cost £/m <sup>2</sup>	1.53	4.07
Consumption litres /m <sup>2</sup>	0.63	2.06

Oxford City Council's average water cost and consumption are between two and a half and three times the national average.



# Appendix 1

Measure 7: CO <sub>2</sub> emissions		
Emmissions	CIPFA Benchmark	OCC
CO <sub>2</sub> /m <sup>2</sup> in tonnes	0.06	0.046

Oxford City Council's carbon emissions are nearly 25% less than national averages.

Measure 8: Accessibility		
Accessibility	CIPFA Benchmark	OCC
Accessibility surveys: % of portfolio	93%	100%
Accessibility plans: % of portfolio	84.94%	100%

Oxford City Council has completed accessibility surveys and plans for its portfolio, ahead of national benchmarks.

Measure 9: Office occupancy		
KPI	CIPFA Benchmark	OCC
Offices as a % of total portfolio (GIA)	10	15.7
Office space per FTE (office teams)	11	13.37

## 2.0 Housing Revenue Account performance

- 2.1** The Housing Revenue Account (HRA) comprises the Council's housing and associated assets, such as retail, and other estate property, such as garages. The performance measurement is based on external benchmarking and corporate programme targets.

Tenants and leaseholders revenues						
Service area	Last year	Target	Previous	Current	YTD	Status
% cash collected/excluding Housing Benefit	—	99%	97.90%	tbc	97.90%	■
% rent roll paid by Housing Benefit	—	>52%	53%	52.70%	52.7%	■
Cash value of arrears	—	<£500,000	£653,185	£617,311	£617,311	■
Value of agreed write-off	—	<£60,000 pa	—	£6,480	£49,458	■
Cases served Notice Seeking Possession (number and % on arrears over 7 weeks)	518	tbc	73/100%	36/100%	350/100% 0% <sup>1</sup>	■

**Key** ■ Exceeding target ■ Off track ■ Falling short of target ■ Not assessed.



## Tenants and leaseholders revenues

Service area	Last year	Target	Previous	Current	YTD	Status
Cases in court	94	tbc	6	6	66	■
Cases evicted	13	tbc	0	1	7	■
Total arrears / % of debit	—	2%	1.83%	1.73%	1.73%	■
Collection rate	—	97.49%	96.43%	97.12%	97.12%	■
% leasehold collection rate	—	98%	—	—	—	■
% rent loss due to vacant dwelling	—	<1%	—	—	—	■
Debit transferred to FTA	—	tbc	−£10,073	£8,282	£127,008	■

<sup>1</sup> Within current processes many exceptions to this target exist. The recorded performance therefore relates only to those due a NSP within current process.

## Repair Service

Service area	Last year	Target	Previous	Current	YTD	Status
Number/% Right to Repair jobs completed within target	—	98%	99.86%	100%	99.91%	■ Since Sept.
Number/% emergencies completed within target time	—	100%	100%	100%	—	■
Number/% non-Right to Repair jobs undertaken within target	—	97%	100%	tbc	tbc	■ Since Sept.
Average cash value of Right to Repair (including management/administration costs)	—	tbc	under review	under review	—	■
Average cash value of non-Right to Repair (including management/administration costs)	—	tbc	under review	under review	—	■
Tenant satisfaction with repair undertaken	—	98%	under review	under review	—	■
Number and % pre inspection undertaken	—	>10%	10%	tbc	tbc	■ Since Sept.
Number and % post inspection satisfactory	—	tbc	100%	tbc	tbc	■ Since Sept.

## Planned works (Planned preventative maintenance/cyclical)

Service area	Last year	Target	Previous	Current	YTD	Status
Gas servicing completed to planned target	100%	100%	99.64%	99.71%	100.83%	■
High-rise water tanks checked–cleaned to planned target	—	100%	100%	100%	100%	■
High-rise fire safety standard compliance	—	100%	100%	100%	100%	■
Lifts serviced to planned target	—	100%	100%	100%	100%	■
Lift call-outs within target time (within 1 hour)	—	100%	pending review <sup>2</sup>	pending review <sup>2</sup>	pending review <sup>2</sup>	■
Lift release within target time (under 30 mins)	—	100%	pending review <sup>2</sup>	pending review <sup>2</sup>	pending review <sup>2</sup>	■



### Planned works (Planned preventative maintenance/cyclical) *continued*

Service area	Last year	Target	Previous	Current	YTD	Status
Communal area health and safety check low rise to target	—	100%	—	tbc	tbc	■
Communal area health and safety check sheltered to target	—	100%	—	tbc	tbc	■

<sup>2</sup> Not currently recorded, but now required as an indicator.

### Voids and allocations

Service area	Last year	Target	Previous	Current	YTD	Status
Average repair time for void property	—	<17 days	16.6	tbc	tbc	■
Average allocation time for property in period	—	<5 days	6.24	tbc	5.54	■
Average void time (total)	—	<21 days	17.8	19.9	19.29	■
Average repair cost for void (including admin costs)	—	tbc	£2,496	£3,874	tbc	■
Properties let first offer (excluding sheltered)	—	75%	96%	tbc	78%	■
All identified priority transfer cases not bidding are supported	—	Yes	Yes	Yes	Yes	■
Homeless / Housing Waiting List lettings split	—	tbc	—	tbc	tbc	■
Cases let with 'tenancy sustainment' support	—	tbc	—	tbc	tbc	■
% new lettings satisfied with condition of property	—	tbc	—	tbc	tbc	■

### Community safety

Service area	Last year	Target	Previous	Current	YTD	Status
Anti-social behavior cases received	—	tbc	40	tbc	116 <sup>3</sup>	■
Anti-social behavior cases investigated within target time	—	95%	collected from Nov	tbc	collected from Nov	■
Anti-social behavior cases actioned/closed (pre court) within target	—	90%	collected from Nov	tbc	collected from Nov	■
Anti-social behavior cases to court action (number)	—	tbc	0	tbc	0 <sup>3</sup>	■
Perpetrator leaseholder/tenant	—	tbc	collected from Nov	tbc	collected from Nov	■
Cases evicted (number)	—	tbc	0	tbc	0 <sup>1</sup>	■
% tenants satisfied with outcome of anti-social behavior action	—	85%	collected from Nov	tbc	collected from Nov	■
Hate crime reported (number of cases)	—	tbc	2	tbc	5 <sup>3</sup>	■

<sup>3</sup> Records monitoring started in August.

**Key** ■ Exceeding target ■ Off track ■ Falling short of target ■ Not assessed.





### Communities & neighbourhoods

Service area	Last Year	Target	Previous	Current	YTD	Status
No. active tenant associations	5	1	1	1	6	■ From Sept
Tenant and Resident Association meetings attended in month	—	3	4	3	11	■ From Sept
Estate walkabouts undertaken in month	—	3	0	0	0	■ From Sept
Tenant newsletters produced	—	1/3 (quarterly)	0	0	2	■
Tenants training events run	—	1/2 (bi monthly)	1	1	3	■ From Sept
Environment Improvement budget spend (£70,000)	—	100%	0	£21,708	£21,708	■ From Sept

### Tenancy management

Service area	Last Year	Target	Previous	Current	YTD	Status
Welcome visits undertaken (number / % in target)	—	100%	38	22	115	■ From Sept
Tenancy updates undertaken	—	tbc	37	58	92	■ From Sept
Tenancy breaches served Notice to Quit	—	tbc	7	5	17	■ From Sept
Unlawful occupants identified referred for possession (no./%)	—	100%	0	0	0	■ From Sept
Transfer cases assessed/medical cases	—	tbc	tbc	tbc	tbc	■
Right to Buy cases received	—	tbc	6	4	12	■
Right to Buy sales	—	tbc	tbc	tbc	tbc	■
Mutual exchanges/assessed within target	—	tbc	11 / 100%	15 / 100%	36 / 77.78%	■
Evictions attended/% requested to	—	tbc	1 / 100%	2 / 100%	7 / 72.43%	■

### Housing service

Service area	Last Year	Target	Previous	Current	YTD	Status
Complaints received	not available <sup>4</sup>	tbc	0	0	152	■
Complaints investigated and closed in target time	not available <sup>4</sup>	98%	—	tbc	tbc	■
Member of Parliament and Council Member enquiries responded in target	not available <sup>4</sup>	tbc	9 <sup>4</sup>	15 <sup>4</sup>	52 <sup>4</sup>	■ From Sept
Health and safety issues raised/closed (staff)	not available <sup>4</sup>	100%	—	tbc	100%	■
Health and safety issues raised/closed (public)	not available <sup>4</sup>	100%	—	tbc	100%	■
Phone calls answered within five rings	not available <sup>4</sup>	95%	—	tbc	tbc	■ From Dec
Letters responded to within ten days	not available <sup>4</sup>	95%	—	tbc	tbc	■
Appointments kept within five days of request	not available <sup>4</sup>	100%	—	tbc	tbc	■

<sup>4</sup> Includes housing need figures, yet to be separated.



## Finance

Service area	Last year	Target	Previous	Current	YTD	Status
Budget spent on profile	—	Yes	Yes	No <sup>5</sup>	No <sup>5</sup>	■
Housing Revenue Account cash flow +/- £'000	—	>£500	£792	£1,289	£2,081	■
Compliance with business plan, treasury management plan	not monitored	Yes	not monitored	not monitored	relevant in 2012/13	■
Housing service cost per property (excluding repairs and maintenance)	—	tbc	£450	£557	£557	■
Repairs and maintenance cost per property	—	tbc	£675	£649	£649	■

<sup>5</sup> Several factors under review, but responsive repairs one key factor. This caused by seasonal factors, i.e. good weather, will hold surplus and review at end of quarter 3.

## Staffing Housing Revenue Account excluding Oxford Direct Services

Service area	Last year	Target	Previous	Current	YTD	Status
Average sickness per employee (per year)	—	<8 days	—	tbc <sup>6</sup>	tbc <sup>6</sup>	■
Total days lost through sickness (in period)	—	tbc	—	tbc <sup>6</sup>	tbc <sup>6</sup>	■
% days lost through sickness (in period)	—	tbc	—	tbc <sup>6</sup>	tbc <sup>6</sup>	■
Vacant posts	—	tbc	1	1	tbc	■
Average days post vacant	—	<42	—	tbc <sup>6</sup>	tbc <sup>6</sup>	■
Staff turnover	—	<5%	—	tbc <sup>6</sup>	tbc <sup>6</sup>	■
Staff appraisal completed on target time	—	95%	100%	100%	100%	■
Disciplinary action: number (anonymous)	—	tbc	0	0	tbc	■

<sup>6</sup> Trent report requested.

## Staffing Housing Revenue Account Oxford Direct Services

Service area	Last year	Target	Previous	Current	YTD	Status
Average sickness per employee (per year)	—	<8 days	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■
Total days lost through sickness (in period)	—	tbc	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■
% days lost through sickness (in period)	—	tbc	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■
Vacant posts	—	tbc	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■
Average days post vacant	—	<42	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■
Staff turnover	—	<5%	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■
Staff appraisal completed on target time	—	95%	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■
Disciplinary action: number (anonymous)	—	tbc	—	tbc <sup>7</sup>	tbc <sup>7</sup>	■

<sup>7</sup> Trent report requested.

**Key** ■ Exceeding target ■ Off track ■ Falling short of target ■ Not assessed.



## Appendix 2

# Action Plan 2011 to 2015

### Property Asset Management Action Plan 2012/13

Project	2011/12	2012/13	2013/14	2014/15
Office Footprint	<ul style="list-style-type: none"> <li>■ Completion of Office for the Future</li> </ul>	<ul style="list-style-type: none"> <li>■ 2% reduction</li> <li>■ Town Hall commercialisation business plan</li> </ul>	<ul style="list-style-type: none"> <li>■ Depot ancillary offices reduction (linked to depots rationalisation)</li> </ul>	
Carbon reduction, renewable technologies and sustainability		<ul style="list-style-type: none"> <li>■ PV solar panels Go/no-go decision on leisure centres and Housing Revenue Account assets</li> </ul>	<ul style="list-style-type: none"> <li>■ Achieve minimum Code 4 and preferably Code 5 rating on Bradlands development</li> </ul>	
Planned preventative maintenance General Fund (GF) and Housing Revenue Account (HRA)	<ul style="list-style-type: none"> <li>■ GF: £1m programme</li> <li>■ HRA: £8.5m programme</li> </ul>	<ul style="list-style-type: none"> <li>■ GF: £2m programme</li> <li>■ HRA: £7.75m programme</li> <li>■ Phase 2 leisure works</li> <li>■ Covered Market capital works</li> </ul>	<ul style="list-style-type: none"> <li>■ GF: £1.4m programme</li> <li>■ HRA: £7.75m programme</li> </ul>	<ul style="list-style-type: none"> <li>■ GF: £1.4m programme</li> <li>■ HRA: £7.75m programme</li> </ul>
Community centres		<ul style="list-style-type: none"> <li>■ Consultation on asset</li> </ul>	<ul style="list-style-type: none"> <li>■ Implementation of policy Management policy</li> </ul>	
Regeneration & development	<ul style="list-style-type: none"> <li>■ Commercial agreement for Barton completed</li> </ul>	<ul style="list-style-type: none"> <li>■ Commercial agreement for Westgate completed</li> <li>■ Blackbird Leys regeneration strategy commissioned</li> <li>■ Oxpens Supplementary Planning Guidance commissioned</li> </ul>	<ul style="list-style-type: none"> <li>■ Northway and Cowley start on sited</li> </ul>	
Investment portfolio		<ul style="list-style-type: none"> <li>■ Agricultural review</li> <li>■ Annual performance report issued</li> <li>■ Review of systems and processes</li> </ul>		
Affordable Homes programme		<ul style="list-style-type: none"> <li>■ Phase 1 underway</li> <li>■ Homes and Communities Agency agreement of terms</li> </ul>	<ul style="list-style-type: none"> <li>■ Final phases underway</li> </ul>	<ul style="list-style-type: none"> <li>■ Completion</li> </ul>
Housing Revenue Account business planning	<ul style="list-style-type: none"> <li>■ Annual business plan review</li> </ul>	<ul style="list-style-type: none"> <li>■ Garage rents and sites</li> <li>■ Annual business plan review</li> <li>■ Tower blocks review and programme agreed</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual business plan review</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual business plan review</li> </ul>
Depots		<ul style="list-style-type: none"> <li>■ Capital works for retained depots</li> <li>■ Disposals of surplus depots</li> <li>■ Go/no-go decision on main depot consolidation</li> </ul>		
Cemeteries		<ul style="list-style-type: none"> <li>■ Site investigations and feasibility</li> </ul>	<ul style="list-style-type: none"> <li>■ Go/no-go decision point</li> </ul>	
Leisure assets		<ul style="list-style-type: none"> <li>■ Phase 2 leisure works</li> <li>■ Pavilions programme of improvement works</li> </ul>		

Appendix 2



# Appendix 3

## Appendix 3 Asset Management Protocols

- 1.0 Introduction**
- 2.0 Purpose of Asset Management Protocols**
- 3.0 Links to Corporate Priorities**
- 4.0 The Council's role as a property owner**
- 5.0 Acquisitions**
- 6.0 Disposals**
- 7.0 Development/regeneration**
- 8.0 Letting and tenant-mix strategy (incorporating the Covered Market leasing strategy)**
- 9.0 Community lettings**
- 10.0 Environmental impact**
- 11.0 Restrictive covenants and competition**
- 12.0 Landlord's consent**
- 13.0 Service charges**
- 14.0 Insurance**
- 15.0 Rent arrears**
- 16.0 Repairs and maintenance**
- 17.0 Rent reviews and lease renewals**
- 18.0 Dilapidations**
- 19.0 Tenant Associations**
- 20.0 Commercialisation opportunities**
- 21.0 Valuation**

### **1.0 Introduction**

- 1.1** The purpose of the Asset Management Plan 2011–14 is to provide a framework for the strategic management of the Council assets as a corporate resource. Its aim is to set out the Council's vision, aspirations and objectives for its portfolio, and outlines an action plan for how it aims to achieve these outcomes.

### **2.0 Purpose of Asset Management Protocols**

- 2.1** The Asset Management Protocols will provide a consistent framework of values to determine and shape how the Council implements the Asset Management Plan 2011–14.
- 2.2** These Asset Management Protocols will define detailed areas of asset management activity, which will provide an insight into the corporate approach adopted in the management of the council property portfolio.





NB: As at February 2012 Corporate Property are currently developing protocols for the following areas:

- Localities Act
- Asset Transfer
- Sustainability standards on new build and repairs and maintenance activity
- Facilities Management
- Asset rents and re-charges
- Covenants cost recovery
- Use of Internal Direct Labour Organisation
- Void property.

These protocols will be used as internal guidance and procedure notes and will be revised by officers as required, and subsequently published annually with the Annual Asset Management Plan, action plan and performance measurement.

### 3.0 Links to Corporate Priorities

- 3.1** The Asset Management Protocols will consist of generic objectives and practices that are aligned to a private sector 'institutional' or corporate owner and occupier of property assets, however in addition, the protocols will reflect the historic legacy, local circumstances, the community and social role of the council and the corporate priorities of the council.
- 3.2** The Asset Management Protocols also reflect wider trends and central government policy. These will evolve and be reflected in refinements to the Asset Management Protocols over time. The key external influences that have been reflected in this policy area:
- Promotion of access to public services
  - Value for money
  - Good governance principles
  - The capital and investment strategy – prudential accounting
  - The e-government agenda
  - The Gershon review of efficiency
  - Support of partnering, third sector and multi-agency approaches across various services;
  - Promotion of overall socio-economic well-being
  - Regeneration and renaissance.

### 4.0 The Council's role as a property owner

- 4.1** Beyond its scale and cost, the Council's property portfolio is significant also in the impact it makes on the city's economy and environment. The quality and condition of Council properties makes an important impact on the environment.
- 4.2** Under-used or vacant property represents an actual as well as opportunity cost to the Council. Also, by under-exploiting a scarce land asset under-used or vacant property often prevents another more beneficial use or form of development from taking place.
- 4.3** The Council recognises the importance of indirect as well as direct costs of holding under-used property assets and is committed to a continuous process of property review to monitor and promote opportunities for identifying and releasing surplus property.



# Appendix 3

- 4.4** The requirement for property as a resource does not necessitate its ownership and the Council should similarly consider alternative tenure options within the context of its corporate financing strategy.

## **5.0 Acquisitions**

- 5.1** Land and property interests will only be considered for acquisition if, after consultation, the following circumstances apply:

- The acquisition will make a positive contribution to the current delivery of Council services
- All other methods for the delivery of this service have been investigated and a full property options appraisal has been undertaken which highlights this acquisition route as the most economically advantageous and efficient method of service delivery.

In addition to the above, the following circumstances may apply:

- The acquisition of the interest has potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Community Strategy or Council strategic aims and priorities
- No other available land and property asset can provide a more cost effective and/or efficient point of service delivery
- There is an adopted Council plan/policy/strategy, with resources identified, which will bring the land or property into beneficial use in the foreseeable future
- There is potential for advantageous shared use
- The investment in land and buildings is used as a part of a wider treasury management function for the allocation of capital to provide an investment/revenue return to support front line services. Any investment decision would meet target hurdle rates of return appraised using discounted cash flow/internal rates of return methodology.

## **6.0 Disposals**

- 6.1** Land and property will be considered to be surplus or under-used if, following consultation, any of the following statements apply.

- The asset no longer makes a positive contribution to the current delivery of Council services
- The asset has no potential for future strategic regeneration and/or redevelopment purposes in pursuit of the Corporate Plan aims and objectives
- An alternative site can provide a more cost effective and/or efficient point of service delivery.
- The income from the site is below that which could be achieved from:
  - an alternative/more intensive use
  - Investment of the capital receipt (i.e. uneconomically let)
- There is no potential to re-gear, or otherwise manage the lease in a more economically and advantageous way
- There is no adopted Council plan/policy/strategy, with resources identified, which will bring the site into beneficial use in the foreseeable future
- There is no potential for advantageous shared use.



- 6.2** Disposals will be managed by the Corporate Property services as part of a programme to deliver capital receipts targets. These targets will be driven by the Council's wider needs and the potential to release surplus capital inherent in the portfolio. This may lead to the Council's targets being exceeded.
- 6.3** The Council will, as a matter of general policy, seek to achieve best consideration in all property disposals other than where specific cases can be sustained for sales at less than best consideration. Transfers for community use will normally include the imposition of 'community lock out clauses' to ensure the enduring use is for the wider community.

### **7.0 Development/Regeneration**

- 7.1** In certain cases the Council will hold property interests in anticipation of some wider benefit to be secured through re-development, sometimes for long periods.
- 7.2** These property interests will be maintained in a secure and safe condition. Where possible, holding costs will be defrayed by securing temporary rental or licence fees.
- 7.3** The continued holding of these properties usually has an opportunity cost and this is not generally justified where the redevelopment potential is small or remote. Continued justification will need to be substantiated on the basis of specific development proposals and estimated timescales, holding cost and return assumptions
- 7.4** In pursuance of the Council's regeneration strategy it will be appropriate for a planning brief to be prepared for any land capable of redevelopment to identify the most advantageous use and nature of the redevelopment, the objective of stimulating further regeneration in the locality.
- 7.5** An evaluation should be carried out in each case, as appropriate, to identify whether additional land should be acquired to enhance the impact and viability of any redevelopment.
- 7.6** Where the land forms or could form part of a larger redevelopment scheme in private ownership, the property can be offered to the owner by private treaty at an appropriate price reflecting beneficial value and subject to positive planning covenants, producing additional benefits for the regeneration strategy. Alternatively it may be appropriate in certain circumstances for various forms of Joint Ventures or joint promotion agreements to be considered.
- 7.7** The Council seeks to achieve regeneration and beneficial change by leadership of redevelopment and stimulation of diversity and quality in employment, service and residential accommodation, to be accomplished through a combination of land ownership and planning powers and processes.

### **8.0 Letting and tenant-mix strategy (incorporating the Covered Market leasing strategy)**

- 8.1** The Council will pursue a commercial letting policy designed to promote efficient management and maintain or enhance asset values and preserve income flow, in accordance with the Portfolio Business Plan.
- 8.2** The Council will promote diversity in the retail estate so as to maximise retail opportunities to local residents and visitors, and encourage economic prosperity in the city.
- 8.3** The Council recognises that the prime goal of shops or other retained assets on housing estates and in residential neighbourhoods will often be to provide facilities for residents. An appropriate mix of convenience and food outlets will take precedence over maximisation of rental income.



# Appendix 3

**8.4** The Council will comply with the Government's 'A Code of Practice for Commercial Leases in England and Wales' which is designed to offer potential tenants a varied range of tenure options, subject to the principles of good estate management.

**8.5** The Council will ensure that commercial units are also available to all people in accordance with the Council's equality and diversity policies. The Council will also provide documentation in a format that is accessible to people with disabilities.

**8.6** The Council will consider all applications for consent and new lettings in the Oxford Covered Market in accordance with the adopted leasing strategy document.

## **9.0 Community lettings**

**9.1** The Council's policy is to adopt the principles advocated in the RICS report 'Whose Property Is It Anyway?' and the findings of the Quirk review. This policy will be supplemented by the contents and principles established by the Localities Act.

**9.2** The Council recognises the importance of providing support to voluntary organisations that provide services to the community compatible with the Council's wider objectives and the Community Strategy. Traditionally this support has taken the form of 'soft' rental terms on Council properties.

**9.3** This traditional approach is seen as damaging from three perspectives. Firstly, it promotes under-management by voluntary organisations of important resource costs. Secondly, it makes it more difficult to perform day-to-day property management decisions sensibly, for example enforcing repairing covenants. Thirdly, a suppressed rent not only reduces the income receivable but also damages the underlying asset value base of the Council, and the performance analysis and understanding thereof.

**9.4** The Council's policy is therefore to let properties on proper commercial lease terms and open market rents on an 'arm's-length basis', and where appropriate, to replace the hidden rental subsidy with an overt grant subsidy, with appropriate fully-offsetting adjustments to budgets. This will also make the Council's overall support to the voluntary sector as a whole more visible and transparent.

## **10.0 Environmental impact**

**10.1** The Council seeks to own and occupy property in an environmentally responsible way with a commitment to reduce carbon emissions.

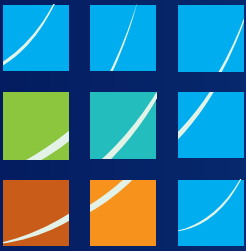
**10.2** New buildings should aim to achieve a Building Research Establishment Environmental Assessment Method (BREEAM) assessment of at least 'Very Good' and ideally 'Excellent', subject to commercial considerations of capital and life-cycle cost. All new technologies for new build and retrofit will be considered and where possible prioritised for both General Fund and Housing Revenue Account assets.

**10.3** Where buildings are directly managed by the Council all property services, i.e. repair and maintenance activity, will have due regard to environmental and sustainability considerations and life-cycle costing in the design, specification and implementation.

## **11.0 Restrictive covenants and competition**

**11.1** The Council will not seek to breach covenants placed by third parties on its land where still enforceable, but will seek to negotiate modification or removal where appropriate to do so.





- 11.2** In relation to covenants the Council has imposed, it will seek to enforce such covenants where it is rational, sensible and proportional to do so, or, where no longer required, seek reasonable payment for its release or partial release where lawful to do so.
- 11.3** In accordance with its letting and tenant-mix strategy, the Council will seek to restrict the use of premises, where it is deemed that such a competing use would be to the detriment of an existing tenant or the Council's adjacent land ownerships, or detrimental to the community or economic prosperity of an area.

## **12.0 Landlord's consent**

- 12.1** All requests for consent from the Council should be submitted in writing, with supporting information, to the Head of Corporate Property.
- 12.2** Requests will be dealt with in a reasonable time period and replied to in writing, confirming if consent will be granted, or alternatively stating grounds for refusal of consent. Consent will not be granted until the completion of a formal license where required.
- 12.3** The Council will outline scale fees if applicable for providing consent, and the process of providing formal consent.
- 12.4** The Council will have regard to principles of good estate, management practice in considering any application, and will consider financial and non-financial matters, and the impact on the remainder of the Council's land-holdings, existing and adjacent tenants, and impact on the community and economic prosperity of the area.

## **13.0 Service charge**

- 13.1** Where ever practicable, the Council will endeavour to recharge landlords outgoings when running buildings let to occupying tenants.
- 13.2** The basis of the recharge will be subject to an agreed formula, and will be administered by the Council's Corporate Property Services.
- 13.3** Service charge accounts will be levied on the basis of 'on account' payments, half-yearly, or annual recharges, and/or reconciliations running between March and February. The service-charge account will be closed in March and full reconciliations will be provided within three months of closing the account for the year.
- 13.4** The Council will comply with the RICS Service Charge Code of Practice.

## **14.0 Insurance**

- 14.1** The Council will endeavour where permitted to recharge insurance premiums to tenants where they are insured under the terms of the Council block policy.
- 14.2** The Council will insure on the basis of an 'All-risks' commercial insurance policy, which where possible will include terrorism insurance where this is commercially available in the insurance market.
- 14.3** A copy of the insurance schedule will be provided to the tenant if requested.
- 14.4** All recharges of insurance premiums will be administered annually in advance and will be issued in March, and will run until February of the following year.



# Appendix 3

- 14.5** Where responsibility for insurance rests with the tenant, the tenant will be required to give evidence of this insurance to the Council upon a reasonable period of notice. Similarly the tenant may be required from time to time to give evidence upon request of all statutory compliance with health and safety legislation where they are required to do so.

## **15.0 Rent arrears**

- 15.1** The Council will act promptly and diligently in recovering rent arrears in order to protect revenues for front-line services.
- 15.2** Rent is deemed to be in arrears if on the day it becomes due the Council is not in receipt of cleared funds.
- 15.3** The Council will use whatever means are available or appropriate to recover arrears of rent, including distraint, legal proceedings, bankruptcy or referral to debt recovery specialists.
- 15.4** It is advised that any tenants who are experiencing problems should make contact with the Corporate Property services of the Council as soon as is practicable.

## **16.0 Repairs and maintenance**

- 16.1** The Council will display a preference to let property on a full repairing and insuring basis, and therefore the tenant will be responsible for repair and maintenance of the assets in accordance with the express provisions of the lease/license, and requirements under statute.
- 16.2** The Council will undertake to comply with all covenants, health-and-safety and statutory legislation in the provision of property services.
- 16.3** The Council will ensure that its properties are maintained in accordance with corporate standards. A poor physical condition can contribute to an atmosphere of decay in the immediate area whereas properties that are well-maintained and secure can sustain or elevate the tone of the neighbourhood. The Council recognises that responsible ownership and occupation of property includes acting as a good neighbour by maintaining it in a good condition. It also recognises that insufficient expenditure on maintenance and management is normally reflected in a proportionately greater erosion of value.
- 16.4** A priority will be given to the allocation of repair/maintenance and capital budgets to the income producing portfolio. However, in each instance a business case with full option appraisals will be produced to demonstrate the rate of return, and risk analysis.

## **17.0 Rent Reviews and Lease Renewals**

- 17.1** This area of professional activity will be co-ordinated by the Corporate Property services, in conjunction with the Council Legal service. The activity may be instigated in-house or may be outsourced to appropriately qualified professional advisers.
- 17.2** Where the Council implements rent reviews and lease renewals, it will seek to establish the highest market rental value supported by comparable evidence, to preserve the capital value and income flow of the portfolio.
- 17.3** Where the Council implements Lease Renewals it will seek to impose terms that are commensurate with market practice and RICS guidance, and that preserve the value and income-flow from the portfolio.



- 17.4** In accordance with the letting and tenant-mix strategy, the Council in all new leases will consider providing tenants with priced options in relation to monthly or quarterly in-advance rents, upwards and downwards reviews, and all other reasonable requests. The Council is required to secure best consideration in rent review and lease renewals activity.

### **18.0 Dilapidations**

- 18.1** The Council will undertake interim and terminal dilapidations schedules where appropriate to do so. The costs of preparation and service will be advised at the time of preparation and will be recovered where it is permitted to under the terms of the lease/license.
- 18.2** The Council will comply with the Dilapidations Protocol: 2008 Version of Property Litigation Association, and will use its best endeavours to mitigate any claim for damages and costs.

### **19.0 Tenant Associations**

- 19.1** The Council will promote and encourage the adoption of Tenant Associations or membership of tenant bodies etc.
- 19.2** All such associations will have their primary relationship with the Corporate Property services of the Council.

### **20.0 Commercialisation opportunities**

- 20.1** The Council will explore all opportunities to generate additional income from its portfolio of land and buildings, which although not limited to these will include:
- Telecoms and Wayleaves etc.
  - Wind turbines
  - Advertising
  - Kiosks
  - Promotional displays and events
  - Markets and street trading.
- 20.2** In all instances the Council will have regard to the impact of the activity on neighbouring owners, tenants and the community and neighbourhood.

### **21.0 Valuation**

- 21.1** Professional property valuation services will be undertaken by the Corporate Property services of the Council. These will be undertaken by RICS-qualified members of staff for a range of purposes across both commercial and residential sectors. Alternatively, the Corporate Property team will be responsible for commissioning external valuation advice from appropriately qualified professionals.
- 21.2** An internal system of Quality Assurance is observed, and in each instance, the valuation will be signed off by a line manager and by the Head of Corporate Property.
- 21.3** All valuations comply with Chartered Institute of Public Finance and Accountancy requirements in relation to the valuation and asset register requirements of the end of year accounts.
- 21.4** The Council will outline scale fees, for undertaking valuations if appropriate.



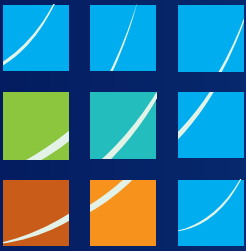
# Appendix 4

## Appendix 4 Risk Register

Risk			
Risk title	Opportunity/ threat	Risk description	Risk cause
Asset Management Plan	Threat	Not having an up to date Asset Management Plan	The Council determines not to adopt the proposed plan.
Asset Management Plan Actions	Threat	Actions proposed in Asset Management Plan are not undertaken	Under-resourcing or lack of buy-in from stakeholders
Resourcing	Threat	Inadequate resources to implement the Asset Management Plan	Inability to recruit and/or retain staff on proposed terms and conditions
Support	Threat	Inadequate political/senior officer support	Political/senior officers fail to support proposed strategy and actions.
Market	Threat	Deteriorating property market conditions	Deteriorating market conditions impact adversely on capital receipts, and/or rental income

Risks identified refer to the preparation adoption and implementation of the plan and have been assessed on the basis of impact (I) and probability (P) in worst case scenario (gross risk) and position after mitigation actions are taken (residual risk) together with assessment of current risk with actions and mitigations currently in place





Consequence	Date raised	Corporate objective 1 to 5	Gross risk		Residual risk		Current risk		Owner	Date risk reviewed
			I	P	I	P	I	P		
Not having an up-to-date Asset Management Plan will impact on the Council's ability to effectively manage its property assets as a corporate resources	12 Jan	1,2,3,4,5	5	2	1	1	2	2	SS	Annually
The benefits and overall strategy proposed will not be implemented	12 Jan	1,2,3,4,5	5	3	2	2	3	3	SS	Annually
The benefits and overall strategy proposed will not be implemented	12 Jan	1,2,3,4,5	5	2	1	1	2	2	SS	Annually
The benefits and overall strategy proposed will not be implemented	12 Jan	1,2,3,4,5	5	3	3	2	2	2	SS	Annually
The benefits and overall strategy proposed may not be capable of full implementation	12 Jan	1,2,3,4,5	5	2	5	2	2	2	SS	Annually



Investing in our  
**Property Portfolio**

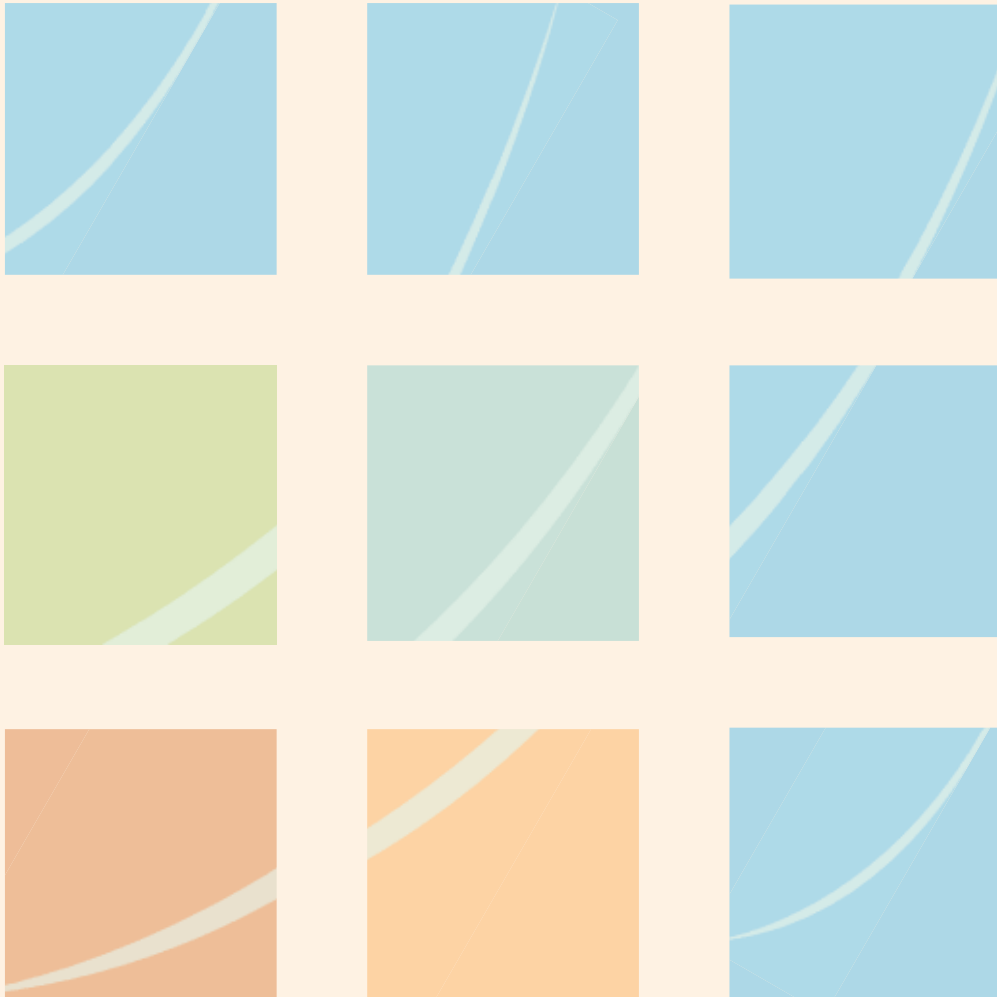
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# **Asset Management Plan**

## **2011-2014**

### **Consultation Document**

**For further information contact**

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**Building a world-class city for everyone**

